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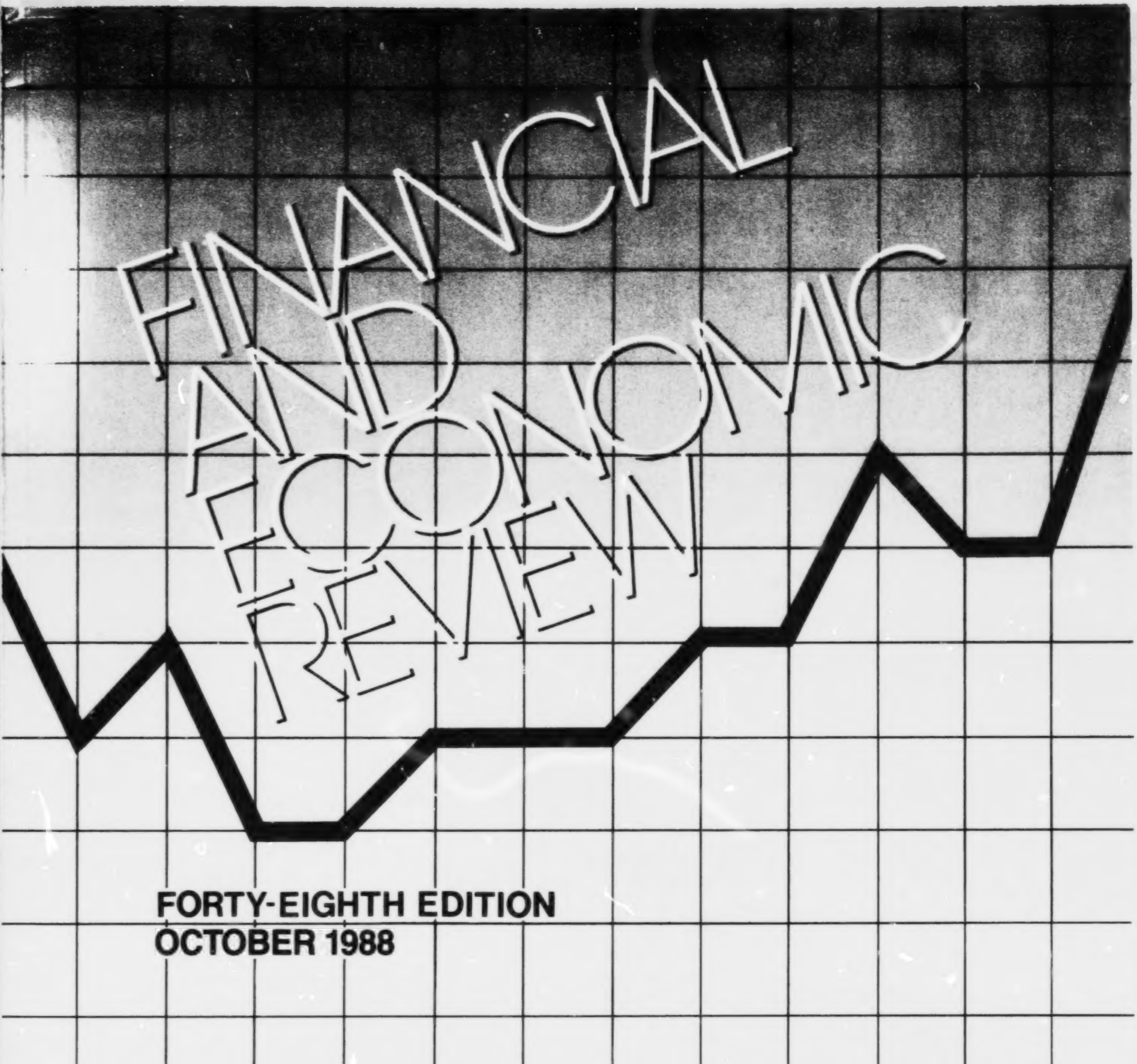

FORTY-EIGHTH EDITION
OCTOBER 1988

Province of British Columbia

Ministry of Finance
and Corporate Relations

October 1988

MESSAGE FROM THE MINISTER

I take great pride in releasing the forty-eighth edition of the *Financial and Economic Review*.

This publication is the most valuable source of information on the provincial economy and provincial government finances available in British Columbia under a single cover. Detailed information is also provided on provincial government programs and activities and British Columbia's social development.

I know all those who read the *Financial and Economic Review* will find it both interesting and informative.

MEL COUVELIER
Minister

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1

ECONOMIC REVIEW

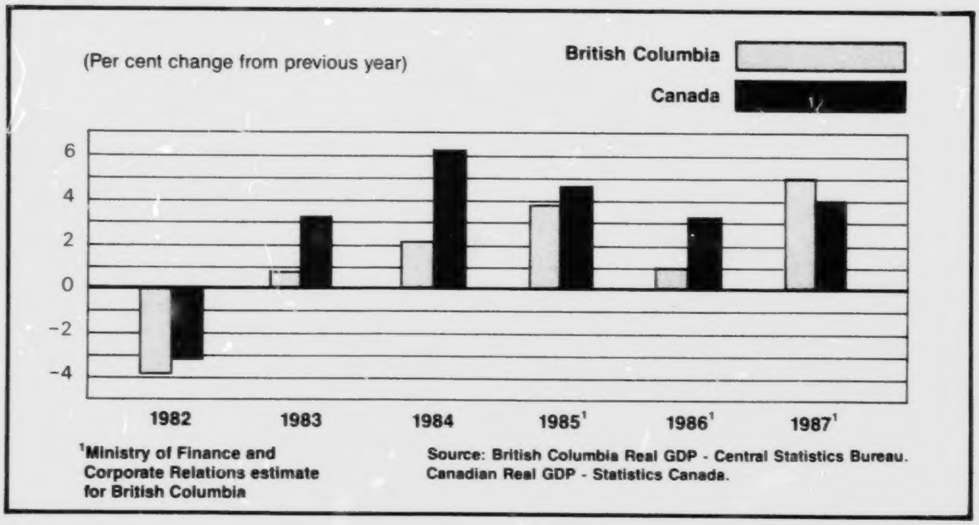
1. Economic Review

Overview

In 1987 the British Columbia economy recorded its highest rate of growth since 1981. This strong performance was led by the province's resource sector which benefited from significant increases in most commodity prices, the continued solid economic performance of major industrial countries and the depreciation of the Canadian dollar relative to overseas currencies. The strength in the resource sector led to higher employment, increased in-migration, stronger retail sales and a significant increase in capital investment.

Real gross domestic product, the value of all goods and services produced in British Columbia, is estimated to have increased by 5.0 per cent in 1987. Canada's real gross domestic product increased 3.9 per cent in 1987, one of the best performances of major industrial economies. The United States' real gross national product grew 3.4 per cent in 1987, while Japan and West Germany grew 4.2 per cent and 1.7 per cent, respectively.

Chart 1.1 Real Gross Domestic Product



[1] Ministry of Finance and Corporate Relations estimate for British Columbia

Source: British Columbia Real GDP - Central Statistics Bureau. Canadian Real GDP - Statistics Canada.

A major source of strength for the British Columbia economy was the resource sector, led by the forest products and mining industries. The province's lumber industry recovered from a lengthy labour dispute in 1986 and received an added boost from strong offshore demand for its products. The value of wood product shipments increased by 31.8 per cent in 1987.

Rising demand enabled the pulp and paper industry to increase prices and production during the year. The value of paper and allied product shipments increased by 26.8 per cent over 1986 levels.

Metal and mineral mining also benefited from stronger demand and a recovery in commodity prices during 1987. The value of copper production — the province's most important metallic mineral — increased by 18.3 per cent during 1987. More dramatic increases occurred for gold and silver with the value of production increasing 49.4 per cent and 32.9 per cent, respectively. Coal prices, however, continued to decline, causing an 8.0 per cent fall in the value of production despite a 6.2 per cent increase in tonnage.

The total value of manufacturing shipments increased 17.5 per cent in 1987, a further reflection of the positive performance of the province's resource sector.

After a strong performance in 1986 due to Expo 86, the province's tourism activity declined in 1987, but recorded moderate increases compared to 1985 levels. The depreciation of the Canadian dollar against major overseas currencies contributed to the attractiveness of British Columbia as a tourist destination during 1987, particularly among Japanese visitors. (See Topic Box in Chapter 6.)

These sectoral developments illustrate the relative strength of the province's goods producing sector and the post-Expo moderation in service sector activity. The Ministry of Finance and Corporate Relations estimates the province's goods-producing industries grew by 9.5 per cent in 1987, compared to a 2.9 per cent rate of growth in the service sector.

Other economic indicators show the strength of the provincial economy in 1987:

- The value of British Columbia foreign exports increased 23.4 per cent in 1987 after increasing 3.3 per cent in 1986;
- Retail sales increased 10.0 per cent in 1987 following an increase of 8.8 per cent in 1986;
- Capital investment increased 17.4 per cent in 1987 compared to a 6.0 per cent decline in 1986;
- Employment increased by 92,000 jobs between January 1987 and January 1988 with the seasonally-adjusted unemployment rate falling from 13.6 per cent to 10.1 per cent over the same period.

Despite the increase in economic activity, inflation remained moderate with the Vancouver Consumer Price Index rising 3.1 per cent in 1987.

Detailed indicators of economic activity are provided in Appendix 1.

Exports

Exports of goods from British Columbia increased sharply to an estimated $15.7 billion in 1987, up 23.4 per cent from 1986. Much of the increase can be attributed to the province's forest products industry which accounts for approximately 60 per cent of British Columbia exports. During 1987, forest product exports increased 31.4 per cent.

Exports of energy related products such as petroleum products, natural gas, coal and electricity make up approximately 13 per cent of British Columbia exports. Exports of these products increased only 2.8 per cent with the 15.0 per cent decline in coal exports partially offsetting increased exports of natural gas and electricity.

Non-energy mineral exports, which account for approximately 11 per cent of total exports, increased by 10.4 per cent in 1987 with exports of copper accounting for the majority of the increase.

Table 1.1

Exports of British Columbia Products to Major Countries

	Value		Change	Per Cent of Total	
	1986	1987	1986–1987	1986	1987
	($ millions)		(per cent)		
United States	6,109.3	**7,257.3**	18.8	48.1	**46.3**
Japan	3,266.1	**4,051.1**	24.0	25.7	**25.8**
United Kingdom	517.9	**661.5**	27.7	4.1	**4.2**
Other European Economic Community	1,067.3	**1,518.9**	42.3	8.4	**9.7**
China (PRC)	202.1	**273.1**	35.1	1.6	**1.7**
South Korea	387.7	**416.2**	7.4	3.0	**2.7**
Australia	201.8	**271.9**	34.7	1.6	**1.7**
Taiwan	193.2	**240.6**	24.5	1.5	**1.5**
Other countries	769.4	**999.3**	29.9	6.0	**6.4**
Total	12,714.8	**15,689.9**	23.4	100.0	**100.0**

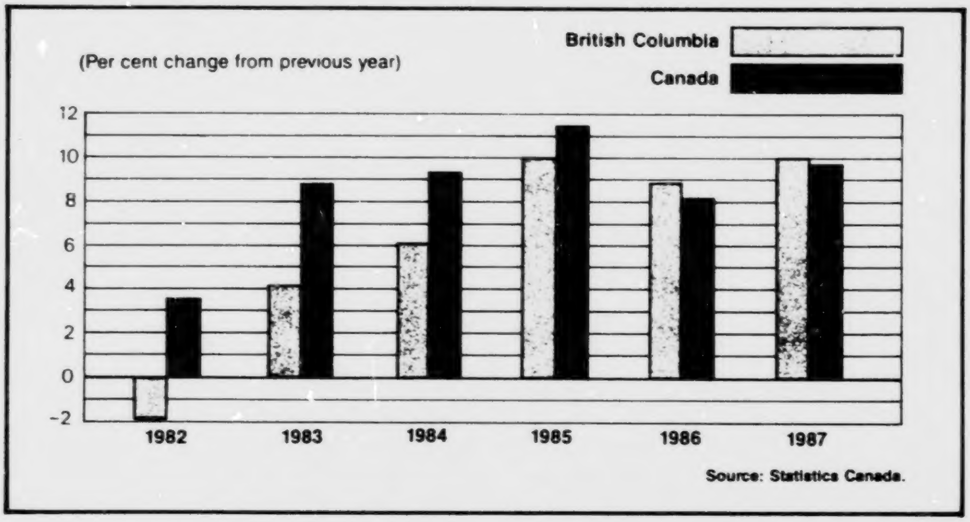
The United States and Japan continue to be British Columbia's largest export markets. Exports to the United States, which account for approximately 46 per cent of total British Columbia exports, rose 18.8 per cent from 1986 levels. In 1987, exports to Japan, the province's second largest export market with 26 per cent of provincial exports, rose 24.0 per cent.

British Columbia exports to other major trading partners increased significantly in 1987. Exports to the European Economic Community rose 37.5 per cent while exports to the People's Republic of China and Australia increased 35.1 per cent and 34.7 per cent, respectively. In each case, forestry exports were a major part of the expanded trade.

Consumer Expenditure

Retail sales in British Columbia increased 10.0 per cent in 1987 following an increase of 8.8 per cent in 1986. The strength in consumer spending reflects strong employment growth during the year as well as an increase in residential construction activity which fueled demand for household furnishings and appliances.

Chart 1.2 Annual Growth in Retail Sales



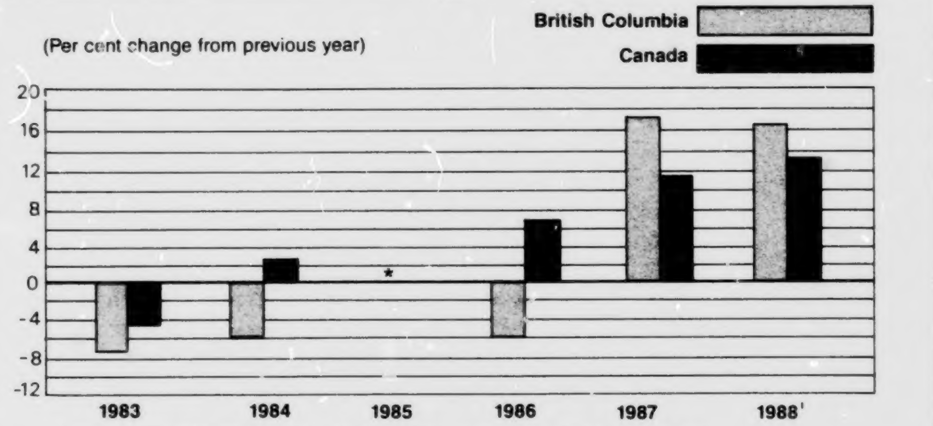
Source: Statistics Canada.

Capital Investment

Capital investment increased 17.4 per cent in 1987 to over $11 billion after declining 6.0 per cent in 1986. The growth in British Columbia capital investment exceeded the 11.8 per cent increase for Canada as a whole.

Capital expenditures increased in all major sectors except transportation, communications and utilities. The largest increase in capital spending was in the manufacturing industries at 56.5 per cent, due largely to developments in the wood manufacturing and pulp and paper industries. Investment in the primary and construction industries increased 4.3 per cent, while the trade, finance and commercial services sector increased capital expenditures by 9.3 per cent. Residential investment rose 32.4 per cent, reflecting the 39.9 per cent increase in housing starts during 1987. Capital expenditures by institutions and government departments increased 7.0 per cent in 1987.

Chart 1.3 Annual Growth in Fixed Capital Investment



*Not comparable to previous years due to changes in Statistics Canada methodology.

[1] Revised intentions.

Source: Statistics Canada.

Labour Market Developments

British Columbia labour market developments in 1987 were influenced by sharply increased activity in the province's goods-producing sector and more modest growth in the service sector. Average employment increased 2.5 per cent in 1987, representing 32,000 jobs.

Service sector employment increased 2.1 per cent in 1987 following a strong Expo 86-related 6.1 per cent increase in 1986. Employment in the goods-producing sector, on the other hand, increased 4.0 per cent in 1987 after declining by 3.2 per cent in 1986.

The labour force grew 1.9 per cent, up slightly from the 1.8 per cent increase in 1986. The stronger increase in employment resulted in the average unemployment rate falling to 12.0 per cent during 1987 from the 12.6 per cent level recorded in 1986.

Because most of the increase in British Columbia jobs occurred in the second half of the year, annual average provincial employment indicators understate the improvement in British Columbia employment. Between January 1987 and January 1988, 92,000 jobs were created and the seasonally-adjusted unemployment rate decreased from 13.6 per cent to 10.1 per cent.

During 1987, there were 275 major collective agreements settled in the province covering approximately 88,000 employees. This compares to 317 settlements covering 225,000 employees during 1986. The average annual increase negotiated in the 1987 contracts was 2.1 per cent, up slightly from the 1.5 per cent negotiated in 1986.

Population

Improved labour market conditions in 1987 contributed to a net inflow of 31,400 migrants to the province. Interprovincial migration resulted in a net inflow of approximately 19,400 persons, compared to only 1,100 in 1986. A large proportion of these entrants came from other western provinces, attracted by the employment opportunities in British Columbia. Net international migration to British Columbia totalled approximately 12,000 in 1987, up from 6,100 in 1986.

In-migration, as well as natural population growth (births minus deaths) of 19,700 persons resulted in a total population increase of 51,100 persons during 1987. This is the largest increase since 1981.

Prices and Incomes

British Columbia experienced another year of relatively moderate inflation with the Vancouver Consumer Price Index (CPI) rising 3.1 per cent in 1987, down slightly from the 3.3 per cent increase recorded in 1986. The Victoria CPI increased 2.5 per cent in 1987 following a 1.9 per cent increase in 1986. These 1987 inflation rates were low relative to the 4.3 per cent increase in the Canadian CPI. Vancouver's inflation rate has remained below the national average since 1981 while the Victoria inflation rate has been below the national average since 1985 when consumer price information for Victoria became available.

Personal income in British Columbia is estimated to have increased 7.3 per cent in 1987 due to increased employment and wage growth. Average weekly earnings rose 2.2 per cent. Moderate increases in wages and prices have helped keep British Columbia's products competitive in foreign markets.

Current Situation

Economic events during 1987 were marked by increasing uncertainty in international financial markets, culminating in the late October stock price plunge. Although many analysts saw this event as heralding a recession, economic activity in the province appears to have been unaffected.

In fact, recent provincial indicators show that the economy's strong growth in 1987 has continued into 1988, although at a more moderate pace.

- Retail sales in the first seven months of 1988 were up 8.8 per cent over the same period in 1987.

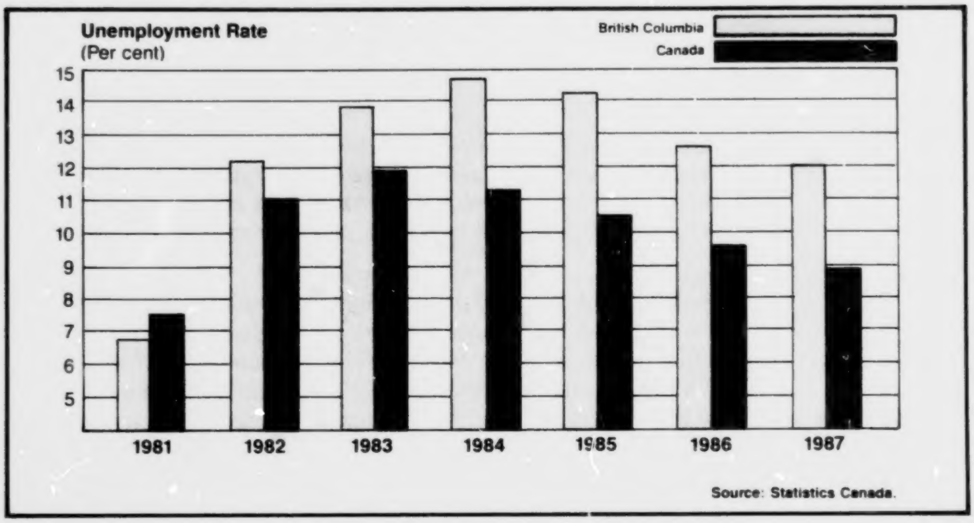
- British Columbia housing starts increased 8.8 per cent in the first six months of 1988 over the same period in 1987.

- Manufacturing shipments rose 7.2 per cent in the January to July period over the same period in 1987.

- The value of British Columbia exports were up 14.9 per cent in the first five months of 1988 relative to the same period in 1987.

Statistics Canada's mid-year Private and Public Investment Intentions survey indicates total capital investment in British Columbia is expected to increase 16.3 per cent in 1988 with business capital spending expected to increase by 28.6 per cent over 1987.

Chart 1.4 Annual Unemployment Rate



Source: Statistics Canada.

Seasonally-adjusted employment increased 4.8 per cent in the first eight months of 1988 from the same period in 1987 and totalled 1,362,000 in August. The seasonally-adjusted unemployment rate averaged 10.4 per cent in the January to August period of 1988, well below the 12.5 per cent level of the first eight months of 1987.

The Vancouver inflation rate averaged 3.5 per cent in the first eight months of 1988 while the Victoria inflation rate averaged 3.9 per cent. Wage settlements in the first six months of 1988 averaged 3.7 per cent on an annual basis.

Prices for many commodities produced in British Columbia have remained firm in 1988, and in some cases have continued to rise. While the recent strengthening of the Canadian dollar is believed to have affected the competitiveness of British Columbia commodity exports, commodity price increases have generally outweighed the impact of the stronger dollar. As well, capital goods imported from the United States have become less expensive as a result of the Canadian dollar's appreciation, helping to reduce manufacturing costs.

Lumber prices have remained above 1987 levels during the first half of 1988 due to labour disruptions at several mills in Washington State which reduced lumber supply. A slowing in residential construction activity in the United States has contributed to the recent softness in lumber prices. Overseas markets, however, are increasing in importance as a destination for British Columbia lumber exports.

Pulp producers, responding to strong demand, have raised their list prices in each quarter of 1988. The list price for pulp has increased from $610 (U.S.) per tonne at the end of 1987 to the current $735 (U.S) per tonne.

Prices for some key metals and minerals have recently experienced slight declines from the significant highs recorded earlier in 1988. However, most prices remain well above the relatively low levels observed in the first half of 1987 and earlier.

The province's tourism industry has rebounded from the expected post-Expo slowdown and recent developments indicate the industry is once again growing in line with its long-term potential. United States and overseas visitor entries in the first six months of 1988 were up 3.3 per cent from the same period in 1987.

Positive developments in the major industrialized economies in the first half of 1988 are beneficial for British Columbia's near-term outlook. The Canadian, United States and Japanese economies experienced strong first half growth in 1988. West Germany's economy has performed better than had been expected and the strong growth in the United Kingdom has continued into 1988. Growth in these economies has resulted in increased opportunities for British Columbia exports.

2

PROVINCIAL FINANCES

2. Provincial Finances

Overview

The British Columbia economy performed much better-than-anticipated during 1987. This stronger economic performance, as well as a number of revenue policy changes, resulted in a 18.0 per cent increase in total provincial government revenue to $10,087 million in 1987/88, $717 million over the original budget estimate. This favourable revenue performance highlighted the volatility of provincial government revenue and resulted in the establishment of the Budget Stabilization Fund as an administrative vehicle to stabilize government revenue. (See Topic Box for details). During 1987/88, the $717 million of revenue in excess of budget was transferred to the Budget Stabilization Fund.

Provincial government expenditure during 1987/88 was $10,161 million, an increase of 4.6 per cent from the previous year, but $59 million below budget.

After the transfer to the Budget Stabilization Fund, the 1987/88 General Fund deficit was $791 million, $370 million lower than the previous year and $59 million lower than the budget estimate.

Table 2.1
Summary of Operating Transactions

	Budget 1987/88	Preliminary Actual (Unaudited) 1987/88	Actual 1986/87
		($ millions)	
Total Revenue	9,370.0	10,087.4	8,549.5
Less: Transfer to Budget Stabilization Fund	—	717.4	—
General Fund Revenue	9,370.0	9,370.0	8,549.5
General Fund Expenditure	10,220.0	10,160.9[1]	9,710.2
General Fund Surplus (Deficit)	(850.0)	(790.9)	(1,160.7)

[1] Includes a transfer of the Lottery Fund Special Account balance of $25.5 million to the Budget Stabilization Fund

The Budget Stabilization Fund balance was $743 million at March 31, 1988 including the $717 million transferred from General Fund revenue and $26 million transferred from the Lottery Fund Special Account.

THE NEW SPECIAL FUNDS

The 1988 Budget confirmed the government's commitment to eliminating the deficit, reducing debt and stabilizing revenue In support of these objectives two new Special Funds, the Budget Stabilization Fund and the Privatization Benefits Fund, have been created

The legislation establishing the two new funds was given Royal Assent on May 30, 1988

Budget Stabilization Fund

The cyclical nature of the provincial economy means that provincial government revenue is extremely volatile Actual revenue collections often differ significantly from budgeted revenue Over the past six years, these variances have ranged from $802 million under budget in 1982 83 to $717 million over budget in 1987 88

The volatility of provincial government revenue has made budget planning difficult As well, in years when it becomes evident that revenue will be significantly below budget, it is difficult to make major expenditure reductions without significant disruption to the economy As a result, the deficit increases

In years when the economy is strong and revenue growth is above budget, there is pressure to expand existing programs or introduce new ones The multiyear impact of this additional spending causes the deficit to increase in future years

The Budget Stabilization Fund will reduce this problem In years of strong revenue growth, transfers will be made into the Fund In years of weak revenue growth, transfers will be made from the Fund to the government's General Fund The Budget Stabilization Fund will thus act as a shock absorber and assist the government in meeting annual budgetary targets and achieving the goal of deficit elimination

This Fund has been established effective March 31, 1988 During 1987 88 the $26 million balance in the Lottery Fund Special Account and $717 million of revenue in excess of budget were transferred to the Fund The balance of the Budget Stabilization Fund at March 31, 1988 was therefore $743 million

Privatization Benefits Fund

As part of its overall restructuring, the government is privatizing certain government services which can be provided more efficiently by the private sector

In some cases the government expects to receive substantial non-recurring revenue from the sale of government assets As is the case with other revenue windfalls, there is pressure to spend the one-time proceeds on ongoing programs

In order to ensure that the sale of government assets will provide a continuing benefit to British Columbians, the government has established the Privatization Benefits Fund, effective April 1, 1988 Each year, interest income earned by the Privatization Benefits Fund will be transferred to the General Fund for budgetary spending The capital balance of the Fund will, however, remain intact, allowing future generations of British Columbians to benefit from the proceeds of asset sales

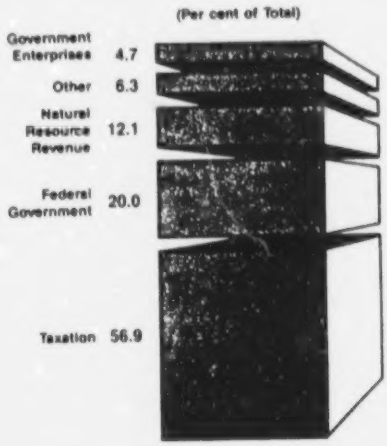
The government's direct financial requirements decreased to $208 million in 1987/88. These financial requirements were met, and temporary investments were increased by $7 million, through net direct borrowing for government purposes of $215 million.

Revenue

During 1987/88, 57 per cent of provincial government revenue was derived from taxation, 12 per cent from natural resources, five per cent from provincial government enterprises, 20 per cent from federal government transfers and six per cent from other sources.

Taxation revenue of $5,744 million was $401 million above the budget estimate and 18.2 per cent higher than during 1986/87. Personal and corporation income taxes are collected for the provincial government by the federal government and revenue is paid to the province on the basis of federal estimates. In 1987/88 the federal government accelerated personal income tax remittances to the province resulting in an extra $120 million. This, combined with better-than-expected economic performance, resulted in personal income tax revenue being $228 million over budget. Corporation income tax revenue was $86 million above budget as a result of higher-than-expected payments for the 1987 taxation year and a large adjustment payment for prior years. Social service tax revenue was $70 million above budget due to stronger-than-expected growth in retail sales and investment spending, but was 5.0 per cent lower than 1986/87 due to the reduction in the tax rate from seven per cent to six per cent. Fuel tax revenue was $29 million above budget and 20.4 per cent higher than the previous year as a result of higher fuel prices. Other taxation revenue was $13 million below budget due to lower-than-expected property purchase tax revenue, partially offset by higher hotel room, tobacco and corporation capital tax revenue. (See Table 2.2).

Chart 2.1 Revenue by Source



Total revenue for 1987/88 was $10,087 million, an increase of 18.0 per cent from 1986/87. Of this amount $717 million was transferred to the Budget Stabilization Fund. Taxation revenue increased by 18.2 per cent, contributions from government enterprises increased by 5.0 per cent and contributions from the federal government increased by 1.3 per cent. Natural resource revenue increased by 86.0 per cent as a result of higher forest revenue.

Natural resource revenue of $1,223 million reached its highest level since 1979/80 and was $305 million above budget. Forest revenue was $271 million above budget and $559 million higher than the previous year. This was due to strong demand for lumber, pulp and paper in North America and overseas markets and the new timber pricing system implemented October 1, 1987. Petroleum and natural gas revenue was $19 million above budget and 16.3 per cent higher than the previous year as a result of favourable receipts from bonus bids for oil and natural gas drilling rights. Mineral revenue was $14 million above budget but down slightly from last year. Water rental revenue was $3 million above budget but 8.7 per cent below the previous year.

Table 2.2
General Fund Revenue by Source

	Budget 1987/88	**Preliminary Actual (Unaudited) 1987/88**	Actual 1986/87
		($ millions)	
Taxation Revenue:			
Personal income	2,562.0	**2,790.0**	2,248.1
Corporation income	387.0	**473.4**	280.6
Social service	1,393.0	**1,463.1**	1,540.8
Fuel	420.0	**449.4**	373.4
Other	581.0	**568.4**	418.6
	5,343.0	**5,744.3**	4,861.5
Natural Resource Revenue:			
Petroleum and natural gas	179.0	**198.1**	170.3
Minerals	40.0	**53.6**	55.6
Forests	474.0	**744.6**	185.3
Water	212.0	**215.0**	235.6
Other	13.0	**11.7**	10.8
	918.0	**1,223.0**	657.6
Other Revenue:			
Sales and services	287.0	**272.5**	281.9
Licences and permits	208.0	**199.5**	183.4
Interest from investments	62.0	**68.3**	53.2
Miscellaneous	81.0	**90.1**	71.0
	638.0	**630.4**	589.5
Contributions from Government Enterprises:			
Liquor Distribution Branch	432.0	**425.0**	424.8
Other	20.0	**44.8**	22.8
	452.0	**469.8**	447.6
Contributions from Federal Government:			
Established Programs Financing	1,228.0	**1,215.3**	1,205.3
Canada Assistance Plan	629.0	**631.0**	611.3
Other	162.0	**173.6**	176.7
	2,019.0	**2,019.9**	1,993.3
Total Revenue	9,370.0	**10,087.4**	8,549.5
Less Transfer to Budget Stabilization Fund	—	**(717.4)**	—
Total General Fund Revenue	9,370.0	**9,370.0**	8,549.5

Other revenue of $630 million was $8 million below budget, but 6.9 per cent higher than in 1986/87.

Contributions from government enterprises of $470 million were $18 million above the budget estimate and 5.0 per cent higher than last year. Liquor Distribution Branch profits were $7 million below budget. Other contributions were higher-than-budgeted due to a larger-than-expected dividend from the British Columbia Buildings Corporation and a change in the timing of dividends from the British Columbia Railway Company.

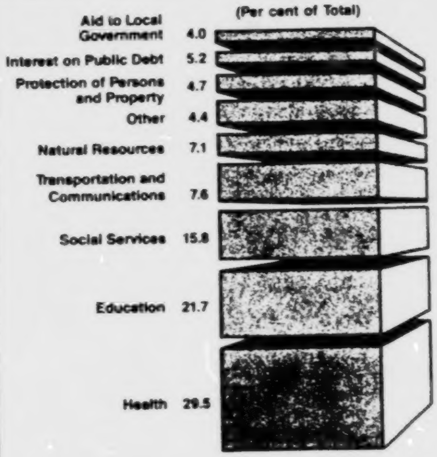
Contributions from the federal government of $2,020 million were slightly above budget and were 1.3 per cent higher than last year. Payments for Established Programs Financing were $13 million below budget as a result of negative prior year adjustments. Other payments from the federal government were $12 million above budget due to compensation payments for timber revenue forgone as a result of the establishment of the Pacific Rim National Park and higher reimbursements pursuant to the *Public Utilities Income Tax Transfer Act*. These positive variances were partially offset by lower payments from the federal government for cost-shared economic development programs.

Expenditure

Provincial government expenditure was $10,161 million during 1987/88, $59 million below the original budget estimate and $451 million higher than the previous year. (See Table 2.3). Expenditure on health, education and social services accounted for two-thirds of total provincial government expenditure.

Ministry of Agriculture and Fisheries expenditure of $65 million was $34 million below budget mainly because favourable market prices for most agricultural products during 1987/88 resulted in lower claims on the Farm Income Assurance Fund. Spending on the federal-provincial Agri-Food Regional Development Subsidiary Agreement was also lower than budget.

Chart 2.2 Expenditure by Function



Total operating expenditure for 1987/88 was $10,161 million, an increase of 4.6 per cent from 1986/87. Expenditure on health and social services during 1987/88 was $4,608 million or 45.3 per cent of total expenditure. Education expenditure was $2,204 million or 21.7 per cent of total expenditure.

Ministry of Economic Development expenditure of $61 million was $15 million below budget because of lower spending under the federal-provincial Economic and Regional Development Subsidiary Agreements and for enterprise, business and community development programs.

Ministry of Health expenditure of $3,229 million was $53 million above budget and 6.1 per cent higher than expenditure during the previous year. Overexpenditure for the Medical Services Plan and Hospital Programs accounted for most of the variance.

Table 2.3

General Fund Expenditure by Ministry[1]

	Budget 1987/88	**Preliminary Actual (Unaudited) 1987/88**	Actual 1986/87
		($ millions)	
Legislation	14.2	**15.7**	11.5
Auditor General	4.5	**4.5**	4.1
Ombudsman	2.5	**2.5**	2.3
Office of the Premier	7.3	**6.8**	5.6
Advanced Education and Job Training	811.5	**806.0**	738.9
Agriculture and Fisheries	99.3	**65.5**	69.7
Attorney General	425.8	**435.5**	417.9
Economic Development	76.0	**61.2**	50.9
Education	1,367.1	**1,378.1**	1,248.7
Energy, Mines and Petroleum Resources	39.8	**37.6**	39.1
Environment and Parks	137.1	**132.9**	125.6
Finance and Corporate Relations	64.3	**65.3**	79.8
Forests and Lands	424.8	**428.8**	346.9
Health	3,176.0	**3,229.1**	3,044.8
Labour and Consumer Services	22.5	**25.0**	21.2
Municipal Affairs	417.8	**415.6**	406.0
Provincial Secretary and Government Services	44.9	**95.6**	62.3
Social Services and Housing	1,391.4	**1,379.0**	1,325.1
Tourism, Recreation and Culture	54.4	**53.4**	48.1
Transportation and Highways	866.1	**805.4**	996.6
Other:			
Management of the Public Debt	530.2	**525.3**	393.6
Contingencies	50.0	**50.1**	30.5
Critical Industries Commission	—	**—**	0.3
Crown Land Account	22.0	**21.9**	39.6
Lottery	170.5	**120.1**[2]	289.5
Revaluation of Crown Corporations	—	**—**	(88.4)
Total General Fund Expenditure	10,220.0	**10,160.9**	9,710.2

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[1] The organization shown is the ministry organization in effect at March 31, 1988.

[2] Includes a transfer of the Lottery Fund Special Account balance of $25.5 million to the Budget Stabilization Fund.

Ministry of Provincial Secretary and Government Services expenditure of $96 million was $51 million above budget and 53.5 per cent higher than expenditure during the previous year. The budget variance was mainly attributed to the provincial government's contributions to the Early Retirement Incentive Plan for government employees.

Ministry of Transportation and Highways expenditure of $805 million was $61 million below budget and 19.2 per cent lower than expenditure for the previous year. The variance was caused by lower-than-expected requirements for highway maintenance and capital construction.

Expenditure by the Lottery Fund Special Account of $120 million was $51 million below budget and 58.5 per cent lower than expenditure for the previous year. The underspending resulted from the retirement of Expo 86 debt in fiscal 1986/87 rather than in 1987/88. Expenditure in 1987/88 also included a transfer of $26 million in surplus funds to the Budget Stabilization Fund.

Financial Requirements

The government's financial requirements for the 1987/88 fiscal year totalled $208 million, compared to $1,722 million in 1986/87. The reduced financial requirements during 1987/88 resulted from a lower deficit, and reduced requirements for financing and working capital transactions. (See Table 2.4).

Table 2.4
Summary of Financial Transactions

	Budget 1987/88	**Preliminary Actual (Unaudited) 1987/88**	Actual 1986/87
		($ millions)	
Financial Requirements:			
General Fund Surplus (Deficit)	(850.0)	**(790.9)**	(1,160.7)
Transfers to Budget Stabilization Fund	—	**742.9**	—
Financing and Working Capital Transactions:			
Net Receipts (Disbursements) from Financing and Working Capital Transactions	22.0	**(160.3)**	(561.6)
Total Direct Financial Requirements	(828.0)	**(208.3)**	(1,722.3)
Financial Sources			
Net Direct Borrowing for Government Purposes	825.0	**214.8**	1,604.7
(Increase) Decrease in Cash and Temporary Investments	3.0	**(6.5)**	117.6
Total Direct Financial Sources	828.0	**208.3**	1,722.3

Financial Sources

The government met its financial requirements, and increased cash and temporary investments by $7 million, through net government purpose borrowing of $215 million.

Gross borrowing consisted of long-term borrowing of $743 million, less commercial paper redemptions of $253 million. Increases in sinking fund balances of $67 million and debenture repayments, foreign exchange adjustments, and discount amortization adjustments of $208 million further reduced outstanding debt. As a result, net borrowing, or the increase in net debt outstanding, was $215 million.

Provincial Government Net Equity (Net Deficiency)

The net deficiency (excess of financial liabilities over financial assets) of the combined General Fund and Special Funds was $3,761 million at March 31, 1988, compared to a net deficiency of $3,713 million at March 31, 1987.

Table 2.5
Net Equity of the General Fund and Special Funds

	Budget 1987/88	**Preliminary Actual (Unaudited) 1987/88**	Actual 1986/87
		($ millions)	
Net Equity (Deficiency)			
General Fund	(4,572.7)	**(4,503.4)**	(3,712.5)
Budget Stabilization Fund	—	**742.9**	—
Total Net Equity (Deficiency)	(4,572.7)	**(3,760.5)**	(3,712.5)

Government Debt

The provincial government issues public debt for government purposes, as needed, to finance its operations. At March 31, 1988, provincial government net debt outstanding (excluding accrued interest and funds borrowed and reloaned to Crown corporations) was $5,017 million. This compares favourably with government purpose debt of other provinces after adjusting for population differences.

Early in the 1988/89 fiscal year, the provincial government launched the first issue of British Columbia Savings Bonds, designed to stimulate the local capital market and provide an alternative source of borrowing to the more traditional markets in Canada, the United States, Japan and Europe. The response to this program was encouraging with total sales of over $240 million.

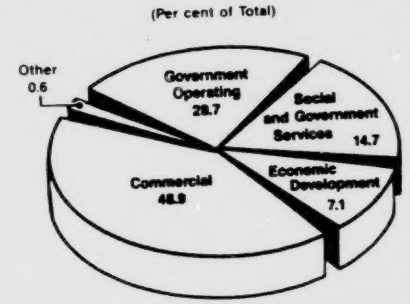
Guaranteed Debt and Fiscal Agency Debt

The size and complexity of provincial government and Crown corporation financing activities require a borrowing program that is carefully structured and coordinated to ensure the most favourable terms in financial markets.

Prior to 1983, most capital expenditure by Crown corporations and agencies was financed through debt issued by individual Crown corporations and guaranteed by the provincial government with respect to principal, premium if any, and interest payments. In 1983, the government implemented a fiscal agency borrowing program of direct borrowing for re-lending to Crown corporations. This program provides lower cost financing to Crown corporations because of the government's strong credit rating and reputation in financial markets, and because a single borrower offering larger debt issues typically is able to borrow at lower rates. Since 1983 the majority of Crown corporation borrowing has been done through the fiscal agency program.

At March 31, 1988, total guaranteed and fiscal agency debt was $12,491 million, a decrease of 1.6 per cent from the previous year. Fiscal agency debt increased by 18.3 per cent to $2,623 million, while guaranteed debt declined by 5.8 per cent to $9,868 million.

Chart 2.3 Direct and Guaranteed Debt, March 31, 1988



At March 31, 1988, direct and guaranteed debt of the provincial government totalled $17.5 billion. Nearly 50 per cent of this debt is for commercial Crown corporations such as the British Columbia Hydro and Power Authority, which pay all their own operating expenses, including debt service charges. Provincial government operating debt accounts for 29 per cent of the total.

There are four categories of Crown corporations and agencies that have received provincial government loan guarantees and fiscal agency loans. Commercial Crown corporations, which include British Columbia Enterprise Corporation, British Columbia Hydro and Power Authority and British Columbia Railway Company, generate revenue from the sale of services at commercial rates and pay their own operating expenses, including debt service charges. At March 31, 1988, commercial Crown corporations had net guaranteed debt and fiscal agency debt of $8.6 billion, or 68.5 per cent of the total Crown corporation debt. British Columbia Hydro and Power Authority is the major borrower in this category.

Economic development Crown corporations include British Columbia Ferry Corporation, British Columbia Steamship Company (1975) Limited and British Columbia Transit. These corporations are generally operated as commercial Crown corporations. They may, however, undertake projects which provide economic benefits to the province but which do not generate a sufficient financial return to service debt. In these cases, the provincial government may provide grants or other forms of assistance. At March 31, 1988, economic development Crown corporations had net guaranteed debt and fiscal agency debt of $1.2 billion, or 9.9 per cent of total Crown corporation debt.

Social and government services debt has been used to fund social and government service capital projects. Financing authorities, which provide funds for the construction of hospitals, schools and post secondary education institutions comprise the largest component in this category. Capital expenditure financed through these authorities is generally amortized over a period of 20 years.

Debt service requirements are met through provincial grants or rental payments and, for schools and hospitals, partly from local property tax levies. At March 31, 1988, guaranteed debt and fiscal agency loans outstanding in respect of social capital and government services was $2.6 billion or 20.7 per cent of total Crown corporation debt.

Other debt includes guaranteed and fiscal agency debt of agencies which are not strictly provincial government bodies. The provincial government has assisted these agencies, which include the Greater Vancouver Sewerage and Drainage District and the Greater Vancouver Water District, to obtain lower cost financing through the use of provincial guarantees and the province's fiscal agency debt program. At March 31, 1988, guaranteed debt and fiscal agency loans in respect of these agencies was $108 million or 0.9 per cent of total guaranteed and fiscal agency debt.

Debt Servicing

Interest payments on government purpose debt were $525 million in 1987/88. The government also provides grants for the servicing of debt by certain non-commercial Crown corporations and agencies. During 1987/88 the provincial government contributed $109 million to school districts, $79 million to regional hospital districts and $86 million to post-secondary educational institutions for debt servicing purposes.

Sinking Funds

Sinking funds are currently established for long-term debt with terms of five years or more. In recent years, the value of some of the sinking funds has reached or exceeded the amount of the corresponding debt issue in advance of the repayment date. In these cases, under legislative amendments enacted in 1981, payments into the sinking funds can be discontinued if certain conditions are met. At March 31, 1988, gross sinking fund balances, with certified sinking funds recorded at par value, totalled $3,010 million for guaranteed debt, $43 million for fiscal agency debt and $156 million for provincial government direct debt.

Credit Rating

Canadian Bond Rating Service, a Canadian security rating agency, has rated the direct and guaranteed debt of the provincial government at AA. Dominion Bond Rating Service, another Canadian rating agency, rates the provincial government's long-term debt at AA (low) and its short-term obligations at R-1 (middle). Moody's Investors Service, a major United States security rating agency, rates British Columbia Hydro and Power Authority's long-term debt at Aa2. Standard and Poor's Corporation, another major United States rating agency, rates the Authority's debt and certain provincial government debt obligations at AA. These same United States agencies have rated the provincial government's United States commercial paper at the highest levels of P1 and A1+, respectively.

Crown Corporation Borrowing

During 1987/88, British Columbia Crown corporation borrowing was $592 million including:

- $182 million in long-term borrowing undertaken by Crown corporations with a provincial government guarantee;
- $381 million in long-term borrowing undertaken directly by the provincial government and reloaned to Crown corporations under fiscal agency agreements; and,
- $29 million in net new short-term debt through fiscal agency loans.

Major Crown corporation borrowing activity during 1987/88 included:

- British Columbia Transit, which borrowed $377 million in long-term funds, but reduced its short-term debt outstanding by $263 million;
- British Columbia Hydro and Power Authority, which borrowed $9 million in long-term funds and $295 million in short-term funds; and,
- Expo 86 Corporation, which fully retired its $99 million debt during the year.

The $592 million of Crown corporation long and short-term borrowing was raised through the Canada Pension Plan Investment Fund, $328 million; private placements, $49 million; public issues, $186 million; commercial paper, $29 million, with the remainder borrowed from provincial trusteed funds.

Trust Funds

Trust Funds are administered by the government for third parties, but are not part of the provincial government's General Fund and Special Funds. At March 31, 1988, trust funds under administration totalled $15,943 million as follows.

- Superannuation, pension and long-term disability funds established for public sector employees totalled $9,480 million at March 31, 1988.
- Sinking funds established by the government, Crown corporations and other public bodies provide for the orderly retirement of maturing long-term debt. At March 31, 1988, these funds totalled $3,108 million, net of par value adjustments for certified sinking funds.

- Investment funds of Crown corporations, including working capital surplus to their immediate needs and funds for capital transactions, totalled $245 million at March 31, 1988.
- Public Trustee and Official Administrators are responsible for the recording, managing and reporting aspects of accounts maintained under the *Infants Act, Patients Property Act, Estate Administration Act, Public Trustee Act* and *Trustee Act*. At March 31, 1988, these funds totalled $255 million.
- Other trust funds, including Supreme and County Court suitors' funds and Workers' Compensation Board trust funds, totalled $2,855 million at March 31, 1988.

Most trust funds are invested in both short-term money markets and long-term securities with the mix being continually adjusted to take advantage of the expected direction of interest rates. The government's current policy of a 35/65 short-term/long-term mix brings relatively high returns with relatively low risk.

Trust funds may be placed in investments permitted under the *Trustee Act*, as well as in short-term and government-guaranteed securities permitted under the *Financial Administration Act*. Although investment in mortgages, common stock and corporate bonds is permitted, none has been undertaken to date.

Provincial Taxes

The provincial government has the constitutional power to levy direct taxes within the province to raise money for provincial purposes. Appendix 2 provides information about various taxes in British Columbia and about tax changes made in the 1987 and 1988 budgets.

Income Tax Rates

The British Columbia personal income tax rate is 51.5 per cent of basic federal tax. This means that a typical British Columbia taxpayer is required to remit $51.50 in income tax to the provincial government for every $100 of federal income tax, calculated before the addition of the three per cent federal surtax. A wage earner, who earns $40,000 per year and has a dependent spouse and two dependent children, would pay provincial income tax equal to approximately 7.6 per cent of total income.

The corporation income tax rate for corporations not qualifying as small businesses is 14 per cent of taxable income earned in the province. For corporations qualifying as small businesses, the rate is nine per cent for taxation years ending after July 1, 1988. The previous small business rate was 11 per cent.

Other Tax Rates

The general tax rate on purchases of tangible personal property imposed under the *Social Service Tax Act* is six per cent. Purchases of liquor products are taxed at a rate of 10 per cent. Appendix Table 2.3 provides a list of the major purchases which are exempt from the tax.

The tax rate on hotel accommodation is eight per cent. Accommodation priced at $20 or less per night is exempt from tax. Municipalities, regional districts and other eligible entities may request the provincial government to levy an additional tax of up to two per cent on their behalf. The revenue from the additional tax must be used to fund tourism-related projects or to promote tourism.

No additional hotel accommodation taxes were levied during 1987/88. However, an additional tax of two per cent was implemented on behalf of the Resort Municipality of Whistler on May 1, 1988.

The corporation capital tax is applied to taxable paid-up capital at a rate of two per cent for chartered banks and trust companies with capital in excess of $500 million. These corporations may deduct British Columbia corporation income tax paid from their corporation capital tax liability.

Fuel tax rates (except for marine bunker fuel and natural gas used in stationary engines) are adjusted every three months in proportion to the gasoline subcomponent of the Vancouver Consumer Price Index. The tax rate on clear unleaded gasoline is 22.5 per cent of the retail price before tax (8.08 cents/litre at July 1, 1988). The tax on clear leaded gasoline is equal to the unleaded rate plus two cents/litre. Tax rates on most other fuels are seven per cent of the pre-tax price of clear gasoline. The tax on marine bunker fuel and natural gas used in stationary engines is seven per cent of its pre-tax retail price. Compressed natural gas and propane used to propel motor vehicles are exempt from provincial fuel tax. Handicapped drivers are eligible for a 100 per cent rebate of gasoline tax.

The property purchase tax is charged to the purchaser on the registration of a transfer of real property in a Land Title office. The tax rate is one per cent on the first $200,000 of fair market value transferred and two per cent on the balance.

The tax rates for cigarettes and most other tobacco products are adjusted in proportion to the tobacco subcomponent of the Vancouver Consumer Price Index on March 1 and September 1 of each year and were 4.80 cents/cigarette and 46.5 cents per 25 grams of tobacco at September 1, 1988.

Other provincial taxes, including horse racing tax, insurance premium tax, real property tax, logging tax, mining tax, mineral land tax and mineral resource tax, are described in Appendix Table 2.3. Appendix Table 2.2 provides an interprovincial comparison of tax rates.

Legislation of Financial Significance

The following legislation of financial significance was enacted by the Legislature during the 1988 spring session.

- The *Horse Racing Tax Amendment Act, 1988*, increases the British Columbia Racing Commission's share of the seven per cent pari mutual tax rate from 3.5 per cent to four per cent and reduces the provincial share from 3.5 per cent to three per cent, effective March 25, 1988.
- The *Income Tax Amendment Act, 1988*, reduces the small business corporation income tax rate from 11 per cent to nine per cent effective July 1, 1988.

GOVERNMENT ORGANIZATION

There were several changes to the responsibilities of special offices and ministries between September 1987 and September 1988, including a major reorganization of the government of British Columbia on July 6, 1988.

The responsibilities of special offices and ministries, where changes occurred, are summarized below

As at September 1987	As at September 1988
Office of the Premier — Executive, administration and support — Cabinet Secretariat and Legislative Support Services — Federal Provincial International Relations — Communications Branch	**Office of the Premier** — Executive, administration and support — Cabinet Secretariat and Legislative Support Services — Federal Provincial International Relations
Ministry of Advanced Education and Job Training — Advanced education; employment, science and technology programs; and programs for women	**Ministry of Advanced Education and Job Training** — Advanced education; employment, science and technology programs; and programs for women — Discovery Foundation
Ministry of Attorney General — Court and legal services; criminal justice; public trustee; and land titles — Judiciary — Corrections — Police Services — Coroners Service — Various regulatory agencies and boards dealing with policing, corrections, gaming, film classification and emergency assistance — International Commercial Arbitration Centre	**Ministry of Attorney General** — Court and legal services; criminal justice; public trustee; and land titles — Judiciary **Ministry of Solicitor General** — Corrections — Police Services — Coroners Service — Various regulatory agencies and boards dealing with policing, corrections, gaming, film classification and emergency assistance — Motor Vehicle Department — Commercial Appeals Commission
Ministry of Health — Hospital programs, Medical Services Commission and Pharmacare; preventive services; and community care services — Alcohol and drug programs	**Ministry of Health** — Hospital programs; Medical Services Commission and Pharmacare; preventive services; and community care services — Responsibility for Seniors
Ministry of Labour and Consumer Services — Labour market programs; Workers' Compensation Review Board; consumer services; and compensation advisory services — Liquor control and licensing	**Ministry of Labour and Consumer Services** — Labour market programs; Workers' Compensation Review Board; consumer services; and compensation advisory services — Liquor control and licensing — Alcohol and drug programs
Ministry of Agriculture and Fisheries — Agricultural market and food industry development; and financial assistance programs — Agriculture and seafood marketing programs and Food Pacific	**Ministry of Agriculture and Fisheries** — Agricultural market and food industry development; and financial assistance programs — Game farming program
Ministry of Forests and Lands — Forest protection, harvesting, silviculture and research — Lands program — Resource mapping	**Ministry of Forests** — Forest protection, harvesting, silviculture and research
Ministry of Municipal Affairs — Local government services; University Endowment Lands; Safety inspection and standards; and Transit services	**Ministry of Municipal Affairs, Recreation and Culture** — Local government services; University Endowment Lands; Safety inspection and standards; and Transit services — Cultural, recreation and historical resources — Engineering inspection
Ministry of Transportation and Highways — Highway capital maintenance and construction — Engineering inspection — Motor Vehicle Department	**Ministry of Transportation and Highways** — Highway capital maintenance and construction
Ministry of Finance and Corporate Relations — Treasury Board Staff; Office of the Comptroller General; Corporate Relations; Revenue Operations; Provincial Treasury; and British Columbia Securities Commission — Asian Pacific Rim programs — Commercial Appeals Commission	**Ministry of Finance and Corporate Relations** — Treasury Board Staff; Office of the Comptroller General; Corporate Relations; Revenue Operations; Provincial Treasury; and British Columbia Securities Commission — Risk management

As at September 1987	As at September 1988
Ministry of Tourism, Recreation and Culture — Tourism marketing and development — Cultural, recreation and historical resources — Multiculturalism — Film Commission	**Ministry of Tourism and Provincial Secretary** — Tourism marketing and development — Multiculturalism — Communications Branch — Public Service Commission — Provincial Archives and records management — Government House; Order in Council administration, and protocol and special services — Lottery grants administration — Provincial Elections
Ministry of Provincial Secretary and Government Services — Postal services — Queen's Printer — Vehicle management — Air Services — Superannuation Commission — Telecommunications — Public Service Commission — Provincial Archives and records management — Government House; Order in Council administration, and protocol and special services — Lottery grants administration — Provincial Elections — British Columbia Enterprise Corporation — Government Agents — Risk management	**Ministry of Government Management Services** — Postal services — Queen's Printer — Vehicle management — Air services — Superannuation Commission — Government Personnel Services — Central Statistics Bureau — B.C. Pavilion Corporation — Purchasing Commission — British Columbia Enterprise Corporation
Ministry of Economic Development — Trade, industrial and regional development including business immigration and foreign offices — Purchasing Commission — Regional Development — Central Statistics Bureau — B.C. Pavilion Corporation — Economic and Regional Development Subsidiary Agreements — British Columbia Enterprise Centre	**Ministry of International Business and Immigration** — Trade policy; Business immigration; International marketing; and foreign offices — Cooperative overseas market development program — Agriculture and seafood marketing programs and Food Pacific — International Commercial Arbitration Centre — British Columbia Enterprise Centre — Asian Pacific Rim programs — Tourism offices — Film Commission
	Ministry of Regional Development — Regional development including regional tourism development — Policy development — Business development — Economic and Regional Development Subsidiary Agreements — Telecommunications — Government Agents — Mainland/Southwest Development Region
Ministry of Environment and Parks — Air quality; recreational fisheries; and waste, water and wildlife management programs — Surveys and resource mapping — Parks and outdoor recreation — Game farming program	**Minister of State for Cariboo, Responsible for Environment** — Air quality; recreational fisheries; and waste, water and wildlife management programs — Cariboo Development Region
Ministry of Intergovernmental Relations — Native Affairs Secretariat — First Citizens' Fund — Government Personnel Services	**Minister of State for Nechako and Northeast, Responsible for Native Affairs** — Native Affairs Secretariat — First Citizens' Fund — Nechako and Northeast Development Regions
	Minister of State for Thompson-Okanagan and Kootenay, Responsible for Crown Lands — Lands program — Surveys and resource mapping — Thompson-Okanagan and Kootenay Development Regions
	Minister of State for Vancouver Island/Coast and North Coast, Responsible for Parks — Parks and outdoor recreation — Vancouver Island/Coast and North Coast Development Regions

- The *Insurance Premium Tax Amendment Act, 1988*, increases the tax on motor vehicle insurance premiums from three per cent to four per cent effective April 1, 1988, and clarifies that premiums paid to reciprocal exchanges are, for tax purposes, to be treated in the same manner as premiums paid to general licensed insurers.
- The *Land Tax Deferment Amendment Act, 1988*, extends eligibility for property tax deferment to qualified owners of mobile homes, effective April 1, 1988.
- The *Mineral Resource Tax Amendment Act, 1988*, reduces the tax rate on income from metal mining from 17.5 per cent to 15 per cent, effective July 1, 1988.
- The *Mining Tax Amendment Act, 1988*, reduces the mining tax rate on income earned from the extraction of coal and structural minerals from 15 per cent to 12.5 per cent effective July 1, 1988.
- The *Motor Fuel Tax Amendment Act, 1988*, increases the tax rate from 20 per cent of the retail price before tax to 22.5 per cent, effective April 1, 1988, and increases the transit levy by 0.5 cents/litre to three cents/litre effective April 15, 1988. Revenue from the transit levy is paid to the Vancouver Regional Transit Commission to cover a portion of the local share of transit costs.
- The *Social Service Tax Amendment Act, 1988*, increases the tax rate on liquor from six per cent to 10 per cent (including draught beer which was previously exempt) effective April 1, 1988, removes the exemption on pesticides except for purchases by bona fide farmers for farm purposes, limits the exemption for used clothing and footwear to purchases of less than $100 per item and clarifies that sales of tangible personal property which are part of a corporate wind-up are taxable.
- The *Tobacco Tax Amendment Act, 1988*, increases the tax on cigarettes, subject to future indexing adjustments, from $1.04 per package of 25 to $1.13 per package and imposes a maximum tax of $2.50 per cigar. Both measures are effective March 25, 1988.
- The *Tourist Accommodation (Assessment Relief) Act* reduces the assessed value of eligible tourist accommodation properties for property tax purposes. This measure is effective for the 1989 taxation year.
- Amendments to the *Social Service Tax Act* clarify that only machinery, equipment or apparatus which meet certain criteria are considered fixtures and, retroactive to March 15, 1985, clarify the meaning of the terms "die", "jig" and "mold".
- The *Budget Stabilization Fund Act* establishes a special fund to provide for the stabilization of provincial government operating revenues. Transfers into the fund during years of comparatively high revenue will, together with income earned by the fund, be available for General Fund use in years of comparatively lower revenue.
- The *Privatization Benefits Fund Act* establishes a special fund into which proceeds may be paid arising from the government's privatization initiative. Income earned by the fund will initially be paid annually into the General Fund to reduce the deficit, and thereafter for general government purposes.

3

INTERGOVERNMENTAL RELATIONS

3. Intergovernmental Relations

International Relations

The provincial government has undertaken a number of activities in recognition of the importance of foreign trade and investment for the provincial economy. These activities involve cooperating with the federal government on international matters of importance to the province, raising the international profile of British Columbia and supporting private sector activities of an international nature which will enhance economic growth in the province. (See Topic Box in Chapter 6.)

During 1987/88, the provincial government operated separate offices in London and Tokyo and had offices located within federal government facilities in Dusseldorf, Hong Kong and Seoul. An office in Singapore will be established during 1988/89. The purpose of these offices is to promote the province and its exports.

In order to increase the foreign awareness of the province, members of the Executive Council made a number of trips during 1987/88 to Asia, Europe and the United States to hold discussions with government and business leaders. The provincial government also welcomed numerous foreign delegations to the province.

During 1987, the provincial government worked with the federal government to eliminate the 15 per cent export charge on softwood lumber exported from British Columbia to the United States. The negotiations with the United States government were successful and the 15 per cent export charge was eliminated, effective December 1, 1987.

The Government of British Columbia also continued to play an active role in support of the negotiations which led to an historic free trade agreement between Canada and the United States. The Prime Minister of Canada and the President of the United States signed the Free Trade Agreement on January 2, 1988. The agreement has to be ratified by both the Canadian and United States governments before it can take effect as scheduled on January 1, 1989. (See Topic Box.)

Federal/Provincial Relations

On June 29, 1988 the British Columbia Legislative Assembly passed a resolution supporting the Meech Lake accord and *Constitutional Amendment, 1987*. The amendment has the following main points.

Provinces which opt out of a Constitutional amendment that transfers provincial legislative powers to the federal government will now receive financial

THE CANADA-U.S. FREE TRADE AGREEMENT

In early 1986, after several months of study and consultations on the desirability of establishing a Free Trade Agreement, Canada and the U.S. concluded that a bilateral trade agreement under Article 24 of the GATT would be economically beneficial to both countries. The Canada-United States negotiations began formally in June 1986, and continued with regular negotiating sessions for the following 16 months. Negotiations concluded in October 1987, when an agreement in principle was reached. The legal text of the Canada-U.S. Free Trade Agreement was finalized on December 10, 1987, and was subsequently signed by President Reagan and Prime Minister Mulroney on January 2, 1988.

On May 24, 1988, Canada tabled Bill C-130, *An Act to Implement the Free Trade Agreement between Canada and the United States of America*. The Bill received final reading in the House of Commons on August 31, 1988. The only hurdle remaining for the Free Trade Agreement is the Canadian Senate. Liberal Party senators have said they will not pass the Bill before a federal election is held.

In the United States, legislation to implement the Free Trade Agreement passed both Houses of Congress by a significant majority and was enacted into law by the President's signature on September 28, 1988.

The Free Trade Agreement is scheduled to come into effect January 1, 1989.

British Columbia's Position on Free Trade: A Summary

The British Columbia government believes that the Free Trade Agreement is a significant step towards greater prosperity. As many British Columbia producers depend heavily on trade, particularly with the United States, the Government of British Columbia is confident that the Agreement will strengthen the provincial economy, as have past trade liberalization measures.

The impact of the Agreement will be positive, for a number of reasons:

- It creates a more open trading environment with the U.S., British Columbia's largest trading partner, and provides access to a total market of 270 million people.
- It breaks new ground in trade negotiations, bringing areas such as services and investment under the discipline of international trade rules for the first time, anywhere.
- It provides a foundation for further negotiations with the U.S.
- It enhances British Columbia's efforts to achieve further trade liberalization with other countries.
- It increases British Columbia's attractiveness to domestic and foreign investors by improving access to the U.S. market.
- It recognizes and respects all of our important social programs (e.g., the health care system, unemployment insurance, income assistance, family allowance and maternity benefits).
- It allows time for adjustment as many tariff changes will be phased in slowly over five to ten years.
- It provides major benefits to consumers in terms of lower prices and a greater variety of products.

Every credible economic analysis of the Free Trade Agreement concludes that its advantages will outweigh its disadvantages, resulting in more economic growth and net employment gains for both Canada and British Columbia.

The provincial government projects that for British Columbia the Free Trade Agreement will result in:

- broad-based benefits throughout the province with positive impacts on the forestry, energy, mining, non-resource manufacturing and service sectors and a mixed impact on the agricultural and fisheries sectors;
- a 2.5 per cent increase in real Gross Domestic Product (GDP) by 1999; and
- 27,600 net new jobs by 1999.

This projection is probably conservative because it compares the likely effects of free trade with the likely effects of a continuation of the status quo. However, the status quo is unlikely to continue. Without the Free Trade Agreement, U.S. protectionism would probably increase. The province has already experienced the effects of protectionism on its lumber and shake and shingle industries.

The projection also does not capture the "enterprise spirit" of British Columbia's entrepreneurs and businesses in adapting to, and taking advantage of, new opportunities.

Not all of British Columbia's objectives were fully met with the Free Trade Agreement as it stands. However, the Free Trade Agreement is not static — it is an evolutionary agreement in which both parties acknowledge the need for further trade liberalization through ongoing negotiations in areas such as trade remedy laws, services, government procurement, and agricultural standards.

The Main Elements of the Agreement

The Free Trade Agreement is generally based on the concept of "national treatment." This concept requires each country to treat goods originating from the other in the same manner as it treats goods of domestic origin. National treatment, though, does not require that the two countries "harmonize" the treatment of goods (e.g., Canada maintains the ability to impose stringent gun control laws). The main elements of the Agreement are as follows:

- **Tariffs and Rules of Origin:**

The Agreement provides for the removal of all bilateral tariffs in accordance with a three-phase approach ("immediate" removal on January 1, 1989, removal in five years, and removal in 10 years). Goods that originate entirely within the U.S. or Canada or that satisfy the Agreement's Rules of Origin will qualify for the new tariff treatment.

- **Energy:**

Both governments have agreed to eliminate all duties on imported energy products. Thus, market access for Canadian energy product exports to the U.S. is secured and enhanced.

- **Services:**

The Agreement provides a set of disciplines covering many service sectors. In the future, both governments will extend the concept of national treatment to the other country's services.

- **Investment:**

In the future, both governments will extend the concept of national treatment to investments made by nationals of the other country. In addition, Canada has agreed to raise the threshold for the review of U.S. direct acquisitions and to phase out the review of U.S. indirect acquisitions.

- **Temporary Access:**

In order to further facilitate trade in services and goods, both governments have agreed to alter border crossing procedures to allow easier access for specified business personnel.

- **Trade Law:**

A new bilateral dispute settlement mechanism has been developed to ensure the fair application of respective anti-dumping and countervail laws. Either government must trigger a binding binational panel review at the request of a party to a trade action who has a right to judicial review. Safeguard action disputes will be referred to consultations and, if no resolution is reached, to binding arbitration.

- **Technical Standards:**

The two governments have agreed to build on the General Agreement on Tariffs and Trade (GATT) Standards Code in order to reduce technical barriers that interfere with trade. In relation to agricultural matters, both countries will work toward the reduction of technical regulations that unduly interfere with trade, while still protecting human, animal and plant life.

- **Wine and Distilled Spirits:**

The two governments agree to provide national treatment in listing, pricing and distribution practices (with certain exceptions) in relation to wines and distilled spirits.

- **Government Procurement:**

Canada and the U.S. have agreed to expand access for each other's suppliers wishing to sell to the respective federal governments.

- **Institutional Provisions:**

Disputes arising as a result of the general operation of the Agreement will be referred to consultations. If the consultative process does not produce a satisfactory resolution, such disputes will then be referred to arbitration. The arbitration process is binding in cases where both governments agree to be bound by the arbiter's decision. A Canada-U.S. Trade Commission will be established to oversee the general dispute settlement process and the implementation of the Agreement.

compensation. Provinces which opt out of new national shared cost programs will receive financial compensation if the province carries out a program compatible with the national objectives.

The Supreme Court of Canada is now entrenched in the Constitution. Also, persons appointed to the Supreme Court and the Senate must be selected from lists developed by the provinces. Federal-provincial immigration agreements can now be entrenched in the Constitution. The Prime Minister is now required to convene annual First Ministers' Conferences on the economy and on the Constitution.

The two distinct societies of Canada, French speaking and English speaking, will be recognized in the Constitution. Unanimous consent of all provincial Legislatures and Parliament will be required to amend certain sections of the Constitution, pertaining to the House of Commons, the Senate and the establishment of new provinces.

The *Constitutional Amendment, 1987*, needs only the approval of the provincial legislatures of Manitoba and New Brunswick before June 23, 1990 for it to be proclaimed by the Governor General.

A major policy objective of the Government of British Columbia is to increase its share of the benefits of Confederation. In this context, the provincial government initiated the establishment of the Pacific Council of Ministers which provides a forum for discussion of common issues between provincial and federal cabinet ministers and forms part of British Columbia's efforts to secure a "fair share" of federal spending and employment. The Council met in August and November of 1987 and again in April of 1988.

The provincial government's priorities for federal-provincial cooperation include a proposed KAON factory for the study of sub-atomic physics at the University of British Columbia, the proposed Pacific Accord to cost-share the development of off-shore oil and gas resources, and the construction and operation of a Vancouver Island natural gas pipeline. An agreement was signed in July 1988 to cost-share an engineering design and impact study for the KAON factory.

On July 12, 1988, British Columbia signed an agreement with the federal government to establish a national park and a national marine park in the South Moresby area of the Queen Charlotte Islands. Over the next eight years Canada will spend $106 million, and British Columbia $20 million, to establish this park.

The expansion of British Columbia House in Ottawa during 1987/88 reinforced the provincial government's presence in the nation's capital and supported its efforts to increase federal procurement in British Columbia.

Throughout the year members of the Executive Council attended federal-provincial meetings as well as meetings with their counterparts from other provinces on specific issues and in May 1988, British Columbia hosted the Western Premiers' Conference in Parksville.

Federal/Provincial Fiscal Arrangements

The major fiscal arrangements between the federal government and the provincial government are embodied in the *Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act, 1977.* This act provides for federal transfers to provincial governments for health care and post-secondary education, a fiscal stabilization program, an equalization program and tax collection agreements between the federal government and participating provinces.

Health Care and Post-Secondary Education Transfers

In 1977, the Established Programs Financing (EPF) mechanism replaced cost-sharing of hospital insurance, medical care and post-secondary education with a combination of transferred personal and corporation income tax points and federal cash payments to the provinces. The federal government also makes per capita cash payments for extended health care programs. The transfer is largely unconditional, with the exception of a requirement to adhere to five basic principles of health care.

In recent years the federal government has modified the EPF program several times to reduce its contributions to the provinces. At the current time the cash transfer is changed annually, depending on the growth in Canadian Gross National Product per capita less two per cent, the growth in provincial population and changes in the provincial personal and corporation income tax bases.

During 1987/88, British Columbia received an EPF cash payment of $1,215 million.

Fiscal Stabilization

The fiscal stabilization program is intended to provide a fiscal safety net for provincial governments. Under the program a province that suffers an absolute decline in revenues from one year to the next, due to adverse economic conditions, may apply for a compensation payment. British Columbia made a claim under this program and ultimately received $174 million in respect of the 1982/83 fiscal year.

Equalization

The equalization program provides cash payments to provinces with lower revenue-raising ability to help them maintain a reasonable standard of public services without unduly high tax rates. Under the program, each province's revenue-raising capacity is measured against the average of five representative provinces. British Columbia does not qualify for equalization payments from the federal government.

Tax Collection Agreements

Provinces levy income taxes and, through tax collection agreements, a number of provinces including British Columbia, have authorized the federal government to collect personal and corporation income taxes on their behalf. Nine provinces participate in respect of personal income tax and seven in respect of corporation income tax. Quebec does not participate in the agreements for either corporation or personal income taxes, while Ontario and Alberta collect their own corporation income tax.

The advantage of having the federal government collect provincial taxes is that each tax filer is required to file only one tax return for payments of both federal and provincial government income taxes. However, under the agreement between Canada and British Columbia, the province must adopt income tax legislation and regulations similar to those of the federal government. This reduces provincial government control over its own tax base.

On August 25, 1988, the British Columbia Minister of Finance and Corporate Relations announced that a study is being undertaken to examine the desirability of the province administering its own personal and corporation income tax system. The study should be completed early in 1989.

Tax Reform

Beginning in the 1988 taxation year, the federal government began a major tax reform initiative. Phase one involved a broadening of the tax base and a lowering of tax rates for both personal and corporation income tax. In addition, the number of personal income tax brackets was reduced from ten to three and a number of personal exemptions and deductions were converted to non-refundable tax credits. Because British Columbia has a tax collection agreement with the federal government, federal tax reform results in parallel changes in the province's personal and corporation income tax.

Although federal tax reform had no impact on 1987/88 provincial government revenue, it is expected to reduce British Columbia's 1988/89 revenue by $71 million. By 1991/92, however, the federal government estimates that the overall revenue effect of tax reform will be positive for British Columbia.

Canada Assistance Plan

The other major federal-provincial financial agreement is the Canada Assistance Plan (CAP), through which the federal government makes payments to the provincial government, on a cost-shared basis, for eligible expenditures on income assistance and social services. British Columbia's CAP receipts were $631 million in 1987/88.

Other Federal Government Contributions

The provincial government has agreements with the federal government in many other areas including employment training, public housing, economic development, forestry, agriculture, ferry services, fisheries enhancement, youth corrections, and the rehabilitation of disabled persons. Most of these agreements are for a limited duration.

Federal government contributions to General Fund revenue for these various programs totalled $174 million during 1987/88.

Local Governments

Local governments in British Columbia consist of incorporated municipalities, regional districts, school districts, regional hospital districts and special purpose improvement districts, as follows:

- 145 municipalities including 38 cities, 47 districts, 13 towns and 47 villages incorporated under the *Municipal Act*, which provide facilities such as roads, waterworks and sewers, as well as a wide range of social, recreation and protection services.
- 29 regional districts incorporated under the *Municipal Act*, combining municipal and other local government areas to provide services efficiently over a large area. Almost all of the province is included within regional district boundaries.
- 75 school districts incorporated under the *School Act*, which provide coordinated administration of schools. The districts cover 98 per cent of the province and usually combine adjacent municipal and non-municipal areas.
- 29 regional hospital districts incorporated under the *Hospital District Act*. These districts, sharing boundaries with the regional districts, share in the planning and construction of health facilities.
- 329 improvement districts, primarily in non-municipal areas, incorporated under the *Municipal Act* or the *Water Act*. Services provided by improvement districts include waterworks, fire protection, irrigation, street lighting, drainage, garbage disposal, sewage disposal, parks and playgrounds, dyking, community halls, recreation areas, cemeteries, land acquisition, boat landings, mosquito control, river bank protection, water treatment, electrical energy and lake level control.

Municipal Finance Authority of British Columbia

The authority is incorporated under the *Municipal Finance Authority Act* as a central borrowing agency to provide capital financing (other than for schools and hospitals) for local governments in British Columbia. Two special purpose districts and all regional districts and their member municipalities, except the City of Vancouver, are required to finance their long-term capital requirements through the authority. The authority issues its own securities and lends the proceeds to the regional districts on whose request the financing is undertaken.

Obligations of the authority are not obligations of or guaranteed by the provincial government. The combined credit-worthiness of all the regional districts and their member municipalities, which together encompass nearly all the taxable land and improvements in the province, stands behind the authority's obligations. In addition, a debt reserve fund is maintained to satisfy obligations in case funds are not available to meet payments or sinking fund contributions. If the Board of Trustees of the authority considers that payments made from the debt reserve fund will not be recovered within a reasonable period, it may, and under certain circumstances must, levy taxes upon all taxable land and improvements in the province at rates sufficient to restore the fund to its original level.

At June 30, 1988, the outstanding long-term debt contracted by the authority on behalf of the regional districts and their member municipalities totalled $1,209.5 million and the debt reserve fund balance was $132.9 million.

Currently, the authority's bonds are rated AA by the Canadian Bond Rating Service, Aaa by Moody's Investors Service and AA + by Standard & Poor's Corporation.

British Columbia Assessment Authority

The authority is incorporated under the *Assessment Authority Act* as an independent corporation with responsibility for real property assessment throughout British Columbia. The Assessment Authority is governed by a five-member board of directors.

With the exception of farm land, forest land and some utilities, land and improvements are assessed at their actual value. The provincial government has prescribed nine classes of property, for which different tax rates may be set. This is one more than in 1987 due to the addition of the major industry property class which resulted from the division of the former industrial class into major and light industry.

In 1984, a biennial assessment system was introduced: assessment rolls are completed by September 30 in each even-numbered year. In most cases the assessment shown upon these rolls will be the assessment for taxation purposes in the two following taxation years. For those properties which undergo specified changes, such as changes in physical characteristics, classification or ownership, a revised assessment roll is completed by September 30 in each odd-numbered year.

Table 3.1

Actual and School Taxable Property Values, 1988

	Total Actual Value	School Taxable Value[1]
(a) By taxing jurisdiction	($ millions)	
Cities	54,620	45,398
District municipalities	57,405	48,928
Towns	1,758	1,514
Villages	1,776	1,387
Rural	24,862	19,086
Total	140,421	116,313
(b) By property classification		
Residential	86,546	81,618
Utilities	11,778	8,980
Unmanaged forest land	21	19
Major industry	4,359	3,875
Light industry	1,684	1,430
Business other	31,157	18,846
Managed forest land	385	385
Recreational property Non-profit organization	3,144	495
Farm land	1,347	665
Total	140,421	116,313

[1] School taxable value is the total actual value of property less the value of property that is exempt from school tax

For assessment purposes, the province is divided into 23 areas. Assessment rolls are prepared for each taxing jurisdiction within an area and, after confirmation by the Court of Revision, are used in the production of tax rolls. For the 1987 and 1988 assessment rolls, approximately 1.2 million taxable and exempt properties were assessed. The actual value of all properties, including some Crown properties and other properties exempt or partially exempt from taxation, was $140.4 billion. The actual and school taxable values are shown in Table 3.1.

Provincial/Local Relations

The provincial government has a number of programs which are of importance to local governments including a revenue sharing program, a downtown revitalization program, grants in lieu of property taxes and a home owner grant program. In addition, significant financial contributions are made to school districts and regional hospital districts. (See Chapter 5 for details).

Revenue Sharing

Under the 1977 *Revenue Sharing Act*, a revenue-sharing formula gives municipalities access to the broader provincial revenue base and so reduces pressure on the real property tax base. The formula transfers annually into the Revenue Sharing Fund Special Account an amount equal to the yield of one point of personal income tax, one point of corporation income tax, and six per cent of social service tax, fuel taxes and natural resource revenue. Municipalities and regional districts received $228 million under the *Act* in 1987/88. Payments are in the form of both conditional and unconditional grants. (See Appendix Table 3.1, Major Provincial Programs for Local Government.)

The *Revenue Sharing Amendment Act*, passed in 1985, established a Grant Stabilization Account within the Revenue Sharing Fund Special Account to partially insulate grants to municipalities from fluctuations in provincial government revenue. During 1987/88, $250,000 was allocated to the account to bring the balance available for use in future years to $29 million.

Downtown Revitalization Special Account (1980)

This special purpose account was established with an appropriation of $25 million to provide grants and loans to municipalities and the business community for the revitalization of downtown areas. During 1987/88, the account made loans of $2.5 million and grants of $425,000. The account has now been fully depleted but the program is being continued with funding from the Lottery Fund Special Account.

Grants in Lieu of Property Taxes

The province pays grants in lieu of taxes on Crown property to municipalities under the *Municipal Aid Act*. The grants are equal to the assessed value of the property, multiplied by the applicable municipal and regional district tax rate, including the debt service levy. Many British Columbia Crown corporations also pay grants to municipalities on the same basis. In 1987/88, the provincial government paid $935,000 under this provision, while the British Columbia Buildings Corporation paid $11 million on behalf of provincial ministries.

Provincial Home Owner Grant

The Provincial Home Owner Grant Program reduces property tax levies for eligible home owners. In 1987, the grant to each eligible home owner, to be applied first against the local school tax levy, was $380. An additional $250 grant was paid to eligible home owners aged 65 years or over, to handicapped persons eligible under the regulations and to those eligible persons receiving an allowance under the federal *War Veterans Allowance Act* or the *Civilian War Pensions and Allowances Act.*

In 1987, as a result of this property tax relief program, many British Columbia home owners paid the minimum property tax for local government services, including education, of $350, or $100 for those eligible for the supplementary grant. Provincial home owner grants totalled $283 million in 1987/88, an increase of $3 million from 1986/87. An estimated $241 million was applied to reduce local school taxes, while the balance was applied to reduce other local property tax levies.

Provincial Government Decentralization

In January 1987, a provincial-municipal conference on decentralization of government services in British Columbia concluded that greater decentralization would improve public services. In September 1987, at the Union of British Columbia Municipalities Convention in Vancouver, the Premier announced a major initiative to encourage regional economic development and decentralize government services where appropriate. The province was divided into eight development regions, with a member of the Executive Council named as Minister of State for each region. In July 1988, the Ministers of State were combined under the umbrella of the new Ministry of Regional Development.

Native Indians

There are approximately 68,800 status Native Indians in 196 bands in British Columbia, with approximately 40,000 living on reserves. Although the federal government has constitutional responsibility for status Indians on reserves, it is the goal of the provincial government to encourage Native Indian social and economic advancement. The provincial government believes that the best approach to achieving this goal is to resolve local issues through locally developed agreements with specific Indian bands or tribal councils.

Local Self-Government

Many Native Indian organizations are seeking a greater degree of self-government, free of the restrictive aspects of the federal *Indian Act.* The Sechelt Band established a quasi-municipal form of government for their members after passage of enabling federal legislation in 1986 and provincial legislation in 1987. The Sechelt initiative is the first in Canada and may serve as a model for other Indian bands.

The provincial government is also willing to transfer certain social programs to the control of Indian agencies. Arrangements have been made whereby two tribal councils and one band will assume responsibility for Native child and family protection services. In addition, the provincial government recently concluded a financing agreement with the federal government concerning status Indian students who attend public schools. This agreement will allow for local agreements between Indian bands and school districts designed to enhance Native participation in education program delivery.

Taxation

The federal *Indian Act* grants bands taxing power on Indian occupiers of reserves, but not on non-Indian occupiers. Property taxes are levied on non-Indian occupiers of reserves by the province (in rural areas) and by local governments. In 1986, the Kamloops Band and the provincial government agreed to return the taxes to the Band to reflect the fact that the Band provides local-government-type services.

Claims of Aboriginal Title

As of June 1987, the Supreme Court had agreed to hear three separate aboriginal title cases involving extensive areas of land in British Columbia. These actions are expected to take a number of years to resolve.

4

CROWN CORPORATIONS AND AGENCIES

4. Crown Corporations and Agencies

Introduction

Crown corporations and agencies are entities established or acquired by the government for various purposes. Commercial Crown corporations generate revenue from the sale of services at commercial rates and pay their own operating expenses, including debt service charges. Economic development Crown corporations generally operate as commercial corporations. However, because these corporations undertake projects which provide economic benefits to the province, but may not generate a break even financial return, they may receive some financial assistance from the government. The remaining Crown corporations and agencies receive government financial assistance to administer social and government services and to assist in the financing of other public bodies.

The operations of Crown corporations are recorded in their own financial statements which are subject to audit by the Auditor General or by private sector auditors. The government's main financial statements reflect only transactions between the government and the Crown corporations. Appendix Table 4.1 lists major British Columbia Crown corporations and agencies and their functions. Appendix Table 7.11 summarizes net debt outstanding of provincial Crown corporations.

British Columbia Hydro and Power Authority

British Columbia Hydro and Power Authority generates, transmits and distributes electricity to over 1.2 million customers in a service area which contains more than 90 per cent of British Columbia's population. Approximately 88 per cent of the Authority's electrical customers are residential customers with the remainder being primarily commercial and industrial customers. The Authority's rated or "name-plate" generating capacity at March 31, 1988 was 10,473 megawatts. The highest one-hour peak demand on the integrated system during the year was 6,830 megawatts on February 1, 1988, a new record.

During 1987/88, the Authority also distributed natural gas in Greater Vancouver and the Fraser Valley, manufactured and distributed propane-air gas in Greater Victoria and operated a railway offering local and terminal freight service to the Fraser Valley and to locations in Burnaby and New Westminster.

Operations

Detailed operating results of the Authority are shown in Table 4.1.

Table 4.1

British Columbia Hydro and Power Authority Financial and General Operating Data

Fiscal year ended March 31		1987	**1988**	Change 1987 1988
Electric				(per cent)
Generating name-plate capacity	(rated megawatts)	10,481	**10,473**	0.1
Customers	(thousands)	1,184	**1,209**	2.1
Electricity sold (domestic)	(gigawatt-hours)	34,417	**36,089**	4.9
Electricity sold (export)	(gigawatt-hours)	4,665	**9,481**	103.2
Residential service—average revenue per kilowatt-hour	(cents)	5.5	**5.5**	—
Gas				
Gas sold[1]	(terajoules)	92,478	**94,380**	2.1
Customers	(thousands)	385	**397**	3.1
Average revenue per gigajoule[1]	(dollars)	4.14	**3.91**	5.6
Rail freight carried	(thousands of tonnes)	1,712	**1,868**	9.1
Employees (including temporary employees)		6,393	**6,419**	0.4
		($ millions)		(per cent)
Revenue		1,987	**2,110**	6.2
Operating income by service				
Electric—Domestic		(112)	**(36)**	—
—Export		56	**110**	96.4
Gas		14	**17**	21.4
Rail		2	**2**	—
Total operating income		(40)	**93**	—
Rate Stabilization Account transfer		107	**(38)**	—
Extraordinary items[2]		(42)	**—**	—
Net income		25	**55**	120.0
Expenditure on fixed assets—net of contributions in aid of construction[3]		160	**165**	3.1
Fixed assets in service		10,936	**11,044**	1.0
Long-term liabilities		7,498	**6,470**	13.7
Temporary investments at end of year		24	**97**	304.2

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[1] Gas sales measured in thousands of cubic feet (MCF) are converted to the energy equivalent in gigajoules (GJ) by the relation 1GJ 0.9390 MCF. One terajoule is 1,000 gigajoules.

[2] Due to the deferment of the Vancouver Island gas pipeline project, the aging of information, and the uncertainty of British Columbia Hydro's role, the $29 million book value of the project expenditures has been charged off as an extraordinary item in 1987. Also, because of uncertainty regarding property purchased for a head office, the investment has been written down by $13 million to current appraised value.

[3] Contributions from third parties in aid of construction are netted against gross expenditure in fixed assets; contributions were approximately $27 million in 1987 and $30 million in 1988.

Source: British Columbia Hydro and Power Authority Annual Report 1987/88

Total electricity sales were a record high 45,570 gigawatt hours during 1987/88, an increase of 16.6 per cent over the previous year. Domestic sales increased by 4.9 per cent to 36,089 gigawatt hours while export sales more than doubled to 9,481 gigawatt hours.

Gas sales volume was up 2.1 per cent from 1986/87 to 94,380 terajoules. Annual temperatures, almost 10 per cent warmer than normal, led to lower average consumption per customer. However, this was more than offset by an increase of 12,000 customers and higher interruptible sales.

Rail freight carried increased by 9.1 per cent during 1987/88 to almost 1.9 million tonnes.

In 1987/88, total revenues were up 6.2 per cent to a record $2,110 million. Operating expenses, excluding finance charges, increased $21 million or 1.9 per cent to $1,142 million. Finance charges decreased $31 million or 3.4 per cent to $875 million, due to a combination of increases in the value of the Canadian dollar and a reduction in total debt. As a result, the Authority was able to generate operating income of $93 million in 1987/88, compared to an operating loss of $40 million recorded a year earlier. The turnaround in overall operating income allowed the Authority to transfer $38 million to the Rate Stabilization Account.

The improved operating results during 1987/88 can be attributed mainly to net earnings on interruptible electricity exports to the United States. Strong United States' demand for the Authority's surplus or secondary electricity, especially in the Pacific Northwest which experienced low water conditions throughout the year, doubled the sales volume for export energy. Short-term interruptible export revenues rose from $93 million in 1986/87 to $184 million in 1987/88. The Authority met this increased requirement while maintaining its reservoir levels by purchasing for resale a record $22 million of energy from other Canadian utilities. Net earnings from export sales totalled $110 million.

The Authority also recorded net earnings of $2 million on rail operations and $17 million on gas operations, despite a decrease in gas revenues resulting from lower rates to customers.

Although domestic electricity revenues reached a record $1,534 million during 1987/88, a net loss of $36 million was reported for this segment of the Authority's operation.

Financing

The Authority's program to reduce overall debt, and United States debt in particular, is continuing. At March 31, 1988, the Authority's total debt outstanding, net of temporary investments and excluding accrued interest, was $7,585 million, a reduction of $412 million from March 31, 1987. United States foreign currency exposure was reduced by U.S. $702 million or 21 per cent during 1987 through a combination of debt repayments and the purchase of forward exchange contracts.

The increased hedging of United States debt and improved sinking fund management have significantly reduced British Columbia Hydro's exposure to unfavourable exchange rate changes.

The Authority's plan to shift a portion of its fixed-rate long-term debt to short-term provides the advantage of the lower borrowing cost obtainable in the short-term money markets while accepting exposure to volatility in short-term interest rates. As a result, 16 per cent of total debt was short-term at March 31, 1988 compared with 7 per cent one year earlier. The average coupon rate on the Authority's outstanding debt at March 31, 1988 was 9.5 per cent, compared to 10.6 per cent at March 31, 1987.

Capital Expenditure

Capital expenditures, net of contributions from third parties, in 1987/88 were $165 million with the majority related to improvement and expansion of the electric and gas distribution systems. This was the third consecutive year in which net capital expenditures have been less than $200 million.

Sale of Operations

On October 23, 1987, the provincial government announced a plan to sell certain operations of the Authority including the Mainland and Victoria gas operations, the rail operation and the research and development division. These operations represented 6 per cent of the Authority's total assets at March 31, 1988 and comprised 19 per cent of its revenue during 1987/88.

On July 20, 1988, it was announced that Inland Natural Gas Company Limited of Vancouver was the successful bidder for the Mainland gas operation with an offering price of $741 million. Of this amount, $432 million will be used to retire debt held by the Authority with the remainder accruing to the provincial government.

On July 27, 1988, it was announced that Itel Rail Corporation of San Francisco was the successful bidder for the rail operation at an offering price of $32 million. In addition, it was announced that C.P. Rail had purchased the running rights over 12 kilometres of right-of-way in the Fraser Valley for $6.3 million.

The Victoria gas operation and the research and development division are still in the process of being sold.

British Columbia Railway Company

British Columbia Railway Company, the third largest railway in Canada, operates 2,237 kilometres of main-line track from North Vancouver to northeastern British Columbia. (See Map 6.1: Chapter 6). The railway also maintains 639 kilometres of industrial and yard track and sidings. Through connections at North Vancouver, Prince George and Dawson Creek, the railway has access to the North American railway network. Deep-sea bulk-loading facilities are located at North Vancouver and Squamish and a separate 37 kilometre rail line connects transcontinental rail carriers to Roberts Bank, the port facility for coal mines in Alberta and southeastern British Columbia. The railway also operates a microwave communication system which enables dispatchers to be in constant communication with its trains and its trucking fleet.

At the end of 1987, the railway's rolling stock fleet consisted of 124 locomotives, and 10,107 freight, 9 passenger and 449 work cars. Land holdings of more than 19,000 hectares include, in addition to rights of way, industrial parks at Prince George, Williams Lake, Mackenzie, Fort St. John, Dawson Creek, Fort Nelson and Fort St. James.

Corporate Structure

British Columbia Railway Company, which is 100 per cent owned by the government of British Columbia, together with its wholly-owned subsidiary, BCR Properties Ltd., own 100 per cent of the common shares of BC Rail Ltd. BC Rail Ltd. is the railway operating company while BCR Properties Ltd. owns and manages the non-operating real estate assets.

Operations

Details of consolidated operating results are given in Table 4.2. Consolidated operating revenue for 1987 was $321.8 million, an increase of 2.7 per cent over the previous year. Consolidated net income, after deferred income taxes and dividend payments to preferred shareholders, was up 5.5 per cent to $54.3 million. On April 15, 1988, British Columbia Railway Company paid a $10.3 million common share dividend to its shareholder, the Province of British Columbia. This was the third common share dividend in the railway's 76 year history.

Table 4.2

British Columbia Railway Company Consolidated Summary Income Statement and Operating Data

Fiscal year ended December 31.		1986	**1987**	Change 1986–1987
		($ thousands)		(per cent)
Operating revenue		313,447	**321,842**	2.7
Operating expense		230,396	**238,137**	3.4
Operating income		83,051	**83,705**	0.8
Interest expense		13,687	**11,839**	-13.5
Other income		2,711	**372**	-86.3
Net income before deferred income taxes		72,075	**72,238**	0.2
Provision for deferred income taxes		2,138	**(517)**	—
Minority interest (dividends)		18,500	**18,500**	—
Net income		51,437	**54,255**	5.5
Number of carloadings		235,697	**233,162**	-1.1
Tons hauled		17,854,317	**17,670,147**	-1.0
Employees at year end		2,660	**2,760**	3.8
Revenue per main track kilometre	($ thousands)	140	**144**	2.9

Source British Columbia Railway Annual Report 1987

Capital Expenditure

Total capital expenditure in 1987 was $72.6 million, including replacement of rail between Clinton and Exeter, ballast improvements, the purchase of eight locomotives and a significant tie replacement program. Capital expenditures also included $4.0 million for rehabilitation of the Fort Nelson Extension, reimbursed by the provincial government.

The railway's five-year plan calls for total capital expenditures of approximately $343 million between 1988 and 1992.

Government Assistance

In recognition of the railway's role in the development of northern British Columbia and as an operator of uneconomic services deemed to be in the provincial interest, the provincial government provides limited financial assistance to the railway. The provincial government provided operating grants of $6.9 million in 1987.

Insurance Corporation of British Columbia

The Insurance Corporation of British Columbia was established in 1973 under the *Insurance Corporation Act* to administer Autoplan, a compulsory automobile insurance program providing basic liability coverage and accident benefits to all licensed motor vehicle owners in the province. In competition with other insurance companies, the corporation also offers a comprehensive range of optional automobile coverage.

Table 4.3

Insurance Corporation of British Columbia Operating Data

Fiscal year ended December 31,		1986	**1987**	Change 1986–1987
		($ thousands)		(per cent)
Revenue:				
Net premiums earned		757,754	**821,790**	8.5
Investment income		171,241	**179,205**	4.7
		928,995	**1,000,995**	7.8
Claims and expenses:				
Claims incurred		742,139	**850,546**	14.6
Other expenses		185,736	**208,242**	12.1
		927,875	**1,058,788**	14.1
Net income (loss)		1,120	**(57,793)**	—
Vehicle policies		2,109,000	**2,191,000**	3.9
Average premium		$362	**$394**	8.8
Number of claims for policy year		539,000	**584,000**	8.3
Unpaid claims	($ thousands)	1,245,488	**1,401,976**	12.6
Expense ratio	(per cent)	15	**16**	6.7
Average number of employees		2,415	**2,604**	7.8
Investments at year end	($ thousands)	1,546,432	**1,778,216**	15.0
Total assets	($ thousands)	1,702,603	**1,957,449**	15.0

Source: Insurance Corporation of British Columbia Annual Report 1987

The Insurance Corporation is self-supporting and endeavours to provide automobile insurance coverage at cost, with revenue and expenses in balance. Each year the premium rate structure is determined in advance, based upon anticipated claim costs, expenses and investment income. In 1987, premium income, investment income, claim costs and expenses were all greater than expected. The total revenue of the *Insurance (Motor Vehicle) Act* Fund reached $1,001 million, an increase of 7.8 per cent from 1986, while the cost of claims incurred and operating expenses increased by 14.1 per cent to $1,059 million. The fund reported a net loss of $58 million. At the end of 1987, the unappropriated surplus in the fund was $0.2 million. As a result of 1987 experience and current expectations, the corporation has increased 1988 premium rates by an average of 22 per cent from 1987 levels. A summary of operating information is presented in Table 4.3.

British Columbia Petroleum Corporation

The British Columbia Petroleum Corporation purchases and markets natural gas produced in British Columbia and distributes the revenue received to natural gas producers in accordance with the *Natural Gas Price Act*. Producers not already under contract with the corporation have the option of either selling their gas to the corporation or making their own marketing arrangements directly with industrial customers. Gas producers, in turn, pay a royalty to the provincial government on the revenues they receive from the sale of gas and by-products.

Table 4.4

Natural Gas Price Adjustment Fund: Statement of Revenue, Expenditure and Fund Balance

Fiscal year ended March 31.	1987	**1988**	Change 1987-1988
	($ thousands)		(per cent)
Revenue			
Natural gas sales	618,838	**599,775**	-3.1
Less: Westcoast cost of service	253,523	**234,622**	-7.5
	365,315	**365,153**	—
Sulphur and by-product sales	32,660	**32,801**	0.4
Interest income	2,414	**2,122**	12.1
	400,389	**400,076**	-0.1
Expenditures			
Gas purchases	369,803	**352,675**	4.6
Price adjustments	18,004	**18,591**	3.3
Payments for natural gas liquids	10.373	**18,463**	78.0
Administrative and general expenses	1,833	**2,076**	13.3
	400,013	**391,805**	2.1
Excess of revenue over expenditure	376	**8,271**	
Fund balance at beginning of year	40,406	**40,782**	
Fund balance at end of year	40,782	**49,053**	

Source British Columbia Petroleum Corporation Annual Report 1987 88

Natural Gas Price Adjustment Fund

The *Natural Gas Price Act* established the Natural Gas Price Adjustment Fund, which is administered by the corporation. After deduction of the cost-of-service paid to Westcoast Energy Inc., all revenue from the sale of natural gas and by-products is paid into the fund, and then distributed to producers after payment of the corporation's cost-of-service. In the year ended March 31, 1988, total revenue of the Natural Gas Price Adjustment Fund, including interest, was $400 million, while total expenditure, including payments to producers, was $392 million. (See Table 4.4). The amount available for distribution to producers increased by $8 million to $49 million at year end.

Petroleum Corporation Fund

The Petroleum Corporation Fund, established in 1973 under the *Petroleum Corporation Act*, reflects those activities of the corporation which are not connected with the *Natural Gas Price Act*. Such activities primarily relate to the period prior to July 1, 1985, and include payments for any failure by the corporation to take the minimum annual volume of gas under "take or pay" agreements. For the year ended March 31, 1988, the net income of this fund was $5.8 million (See Table 4.5) and the fund balance was $93.4 million.

Table 4.5

Petroleum Corporation Fund: Statement of Revenue, Expenditure and Fund Balance

Fiscal year ended March 31.	1987	**1988**
	($ thousands)	
Revenue		
Interest	3,778	**3,985**
Miscellaneous income	105	**106**
Gain (loss) on prepaid gas	(3,347)	**1,834**
Gain on disposal of assets	—	**12**
	536	**5,937**
Expenditure		
Administrative and general expenses	310	**110**
Net income	226	**5,827**
Fund balance at beginning of year	102,360	**87,586**
Deduct: Transfers to Provincial Treasury	15,000	**—**
Fund balance at end of year	87,586	**93,413**

Source British Columbia Petroleum Corporation Annual Report 1987 88

Natural Gas

British Columbia Petroleum Corporation sold 6,350 million cubic metres of gas in 1987/88, a decline of 4.4 per cent from the previous year. Domestic sales declined from 4,146 million cubic metres to 3,822 million cubic metres, while export sales increased from 2,496 million cubic metres to 2,528 million cubic metres. Export sales by the corporation were largely affected by a new "open access" transportation service established by regulatory authorities in the U.S. northwest effective February 1988. Under this new arrangement, British Columbia marketers were able to sell directly to U.S. customers. Previously, most export sales were channelled through the British Columbia Petroleum Corporation.

The average price of natural gas sold to the domestic utilities was $82.75 per thousand cubic metres during the fiscal year, down from $89.86 in 1986/87. The average export price was $94.81, about unchanged from $94.62 in the previous year. After deducting cost of service, the regulated price paid to producers by the corporation averaged $48.46 per thousand cubic metres, down from $55.86 in the previous year. Since January 1, 1988, the regulated selling price has been set at $55.72 per thousand cubic metres.

Regulatory Matters

During 1987/88, the corporation intervened in the hearing before the National Energy Board in respect of an application by Westcoast Energy Inc. for the setting of new tolls for the transportation of natural gas to domestic and export markets for each of the years 1987 and 1988. In December 1987, the National Energy Board set new tolls retroactive to January 1, 1987, that were lower than the interim tolls that had been in effect. As a result, Westcoast Energy Inc. rebated $16.7 million to the corporation. This amount, together with interest, was included in the Natural Gas Price Adjustment Fund balance at March 31, 1988, and subsequently rebated to producers after the end of the fiscal year.

Investment in Methanol Plant

As at March 31, 1988, the corporation was owed $53.2 million, which represents the amount of credit extended to Ocelot Investments Ltd., under an agreement with the corporation and its subsidiary, British Columbia Gas Corporation. Due to financial and operating difficulties, payments by Ocelot Investments Ltd. amounting to $14.4 million were in arrears at March 31, 1988.

During 1987/88 there was a dramatic improvement in the operating results of the methanol plant at Kitimat, British Columbia which is currently operated by Ocelot Ammonia Company on behalf of Ocelot Investments Ltd. This financial improvement was due to the operating efficiencies undertaken in late 1986 and early 1987, the successful marketing of the methanol production and increases throughout the year in the world price of methanol. As a result, Ocelot Investments Ltd. commenced making payments to the British Columbia Gas Corporation during 1987/88. It is anticipated that arrears will be eliminated by March 31, 1989 and that all amounts owed by Ocelot Investments Ltd. to the corporation will be recovered in full.

British Columbia Enterprise Corporation

British Columbia Enterprise Corporation (BCEC) was established effective March 31, 1987, as a result of the restructuring of British Columbia Development Corporation and British Columbia Place Ltd. Under legislation passed by the British Columbia Legislature in August 1987, but retroactive to March 31, 1987, the name of British Columbia Place Ltd. was changed to British Columbia Enterprise Corporation and all assets and liabilities of British Columbia Development Corporation were transferred to British Columbia Enterprise Corporation. Subsequently, certain assets, such as the Stadium at False Creek, were transferred to B.C. Pavilion Corporation retroactive to March 31, 1987. The mandate of BCEC is to divest itself of its assets as part of the government's privatization process.

During 1987 88, British Columbia Enterprise Corporation was responsible for administering land and industrial loan assets, as well as low interest loan programs and funds administered in trust for the government. Public facilities owned at March 31, 1988 included the Whistler Golf Course, Whistler Conference Centre and the British Columbia Enterprise Centre at False Creek which were operated by B.C. Pavilion Corporation.

British Columbia Enterprise Corporation was also responsible for the administration of several Crown land development projects and for the marketing of other Crown lands. At March 31, 1988, development projects included properties at False Creek in Vancouver, a major portion of which was subsequently sold to Concord Pacific Developments Ltd., a Canadian company owned by Hong Kong and Canadian interests.

Table 4.6

British Columbia Enterprise Corporation Summary Income Statement

Fiscal year ended March 31, 1988	
Revenue—Industrial development programs	**($ thousands)[1]**
Land and project sales	**22,042**
Loan interest and guarantee fees	**19,238**
Lease financing	**527**
Other	**15,980**
Total	**57,787**
Expenses	
Cost of land sales	**18,438**
Interest	**21,112**
Administration and other	**15,789**
	55,339
Net earnings for the year	**2,448**

[1] Comparative figures for the year ended March 31, 1987 are not available due to reorganization of the British Columbia Enterprise Corporation and British Columbia Development Corporation in 1987

Source British Columbia Enterprise Corporation

Other Crown lands held for marketing included the 620 hectare Westwood Heights and River Heights project in Coquitlam, the 30 hectare Songhees Point in Victoria, 155 hectares at Whistler, the 2,855 hectare Roberts Bank lands, the 140 hectare Duke Point project in Nanaimo, and 19 hectares surrounding the British Columbia Film Centre in Burnaby.

In addition to these major holdings, the corporation has substantial land holdings, suitable for industrial building sites, for sale throughout the province.

The Business Finance Division has provided loans to industrial enterprises to assist in their establishment, expansion and continued operation. In 1987/88, the corporation approved loans and guarantees totalling approximately $101 million to 45 clients. At March 31, 1988, the total loan portfolio was approximately $252 million.

British Columbia Enterprise Corporation reported net earnings of $2.4 million for 1987/88. A summary income statement for the corporation is provided in Table 4.6.

Liquor Distribution Branch

The Liquor Distribution Branch purchases, distributes and merchandises beverage alcohol products in British Columbia in accordance with the *Liquor Distribution Act*. The branch's corporate objectives are to provide a high level of customer service, generate revenue for the government, provide suppliers with equal access to the marketplace, and encourage responsible use of alcohol.

During 1987/88, the branch opened two new stores, closed one store, renovated three stores, replaced nine stores, opened nine new rural agency stores and closed two. At March 31, 1988, there were 216 government liquor stores, 125 rural agency stores (outlets in remote communities, located in premises that may also sell non-alcoholic products), and 69 industry agency appointments operating at 43 locations (where manufacturers can sell their own products on their premises). In addition, the branch has financial agreements with 98 licensed retail stores.

During 1987/88, Liquor Distribution Branch revenue increased by 1.9 per cent while operating expenses increased by 11.1 per cent. As a result, net income of the branch decreased 0.5 per cent from the previous year to $423 million. A summary income statement is presented in Table 4.7.

Table 4.7

Liquor Distribution Branch Summary Income Statement

Fiscal year ended March 31.	1987	**1988**	Change 1987-1988
	($ millions)		(per cent)
Sales	964.4	**970.1**	0.6
Cost of merchandise sold	508.3	**512.4**	0.8
	456.1	**457.7**	0.4
Provincial malt levy[1]	81.6	**90.0**	10.3
	537.7	**547.7**	1.9
Operating expenses	115.3	**128.1**	11.1
	422.4	**419.6**	-0.7
Other income	2.9	**3.7**	27.6
Net income	425.3	**423.3**	-0.5

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[1] The provincial malt levy represents the margin on sales made directly to licensed establishments, licensee retail stores, and agency stores by authorized brewers' agents on behalf of the Liquor Distribution Branch. It also includes the margin on sales by public houses authorized to brew and market their own beer.

Source: Liquor Distribution Branch

British Columbia Lottery Corporation

The British Columbia Lottery Corporation was established April 1, 1985 to assume responsibility for the conduct and management of lottery games within British Columbia, and to cooperate with other provinces in the conduct and marketing of nationwide games. The corporation, which has its headquarters in Kamloops, employs over 300 persons throughout the province.

The corporation currently offers eight lottery games, five of which are conducted solely by the corporation in British Columbia with the remainder being joint undertakings by all provinces acting through the Interprovincial Lottery Corporation. The corporation's products are made available to the public through a network of licensed retailers throughout British Columbia.

Operations

Net income for 1987/88 was $174.1 million, 3.8 per cent higher than in 1986/87. Total sales increased 5.6 per cent, while direct expenses on prizes and commissions increased by 5.8 per cent and other expenses increased by 10.7 per cent. Details of operating results are given in Table 4.8.

Table 4.8

British Columbia Lottery Corporation Summary Income Statement

Fiscal year ended March 31,	1987	**1988**	Change 1987-1988
	($ millions)		(per cent)
Sales	444.9	**469.6**	5.6
Direct expenses			
Prizes	204.0	**216.3**	6.0
Retailer commissions	24.7	**25.6**	3.6
Sales less direct expenses	216.2	**227.7**	5.3
Operating expenses	37.8	**42.6**	12.7
Depreciation	10.6	**11.0**	3.8
	48.4	**53.6**	10.7
Net income	167.8	**174.1**	3.8
Distribution of net income			
Government of Canada	8.3	**7.5**	9.6
Province of British Columbia	159.5	**166.6**	4.5
	167.8	**174.1**	3.8

Source: British Columbia Lottery Corporation

B.C. Pavilion Corporation

In 1987/88, B.C. Pavilion Corporation became responsible for the operation of certain public facilities, including ownership of the British Columbia Place Stadium and the assumption of the long-term lease to operate the Vancouver Trade and Convention Centre. In addition, the corporation entered into operating leases for the management of the Whistler Golf Course, the Whistler Conference Centre, the British Columbia Enterprise Centre and the Expo Theatre.

During 1987/88, revenues from operations were $22.0 million while operating expenditures before depreciation were $27.3 million. The excess of expenditure over revenue of $5.3 million was recovered through contributions from the governments of Canada and British Columbia totalling $1.0 million and $4.3 million respectively.

British Columbia Ferry Corporation

British Columbia Ferry Corporation was established in 1977 to operate the province's major coastal ferries. The corporation, which employs approximately 3,000 employees during the peak season, operates one of the largest ferry systems in the world as measured by traffic carried and routes serviced. The fleet of 38 vessels operating on 27 routes has a capacity of 5,000 vehicles and a licensed capacity of 24,100 passengers. Routes connect the Lower Mainland, Sunshine Coast, Vancouver Island, the Gulf Islands and several island communities. In addition, ferries operate between Prince Rupert and Port Hardy, and between Prince Rupert and Skidegate on the Queen Charlotte Islands. Charter services for passengers and light freight are also provided for communities on the west coast of Vancouver Island; between Prince Rupert, Port Simpson and Kincolith; between Vancouver Island and Lasqueti Island, and to other mid-coast communities. Drop-trailer service for unaccompanied commercial vehicles is also provided between Prince Rupert and Skidegate.

Operations

Vehicle and passenger volumes during 1987/88 were 0.5 per cent and 6.7 per cent lower than the Expo 86-induced record volumes carried in 1986/87.

Nevertheless, operating revenue of $157 million increased 3.8 per cent from the previous year as a result of fare increases, which more than offset the impact of traffic volume declines. Operating expenses of $176 million decreased by 3.6 per cent. Operating costs were partially funded by a provincial government subsidy totalling $57 million in 1987/88. The corporation reported net income of $1.6 million for the year, compared to a net loss of $9.6 million in the previous year.

Details of operating results are shown in Table 4.9.

Capital Expenditure

During 1987/88, the corporation spent $9.3 million on capital projects. Of this amount, $1.1 million was spent on upgrading and modifications of ships, $5.8 million on improvements to terminals and $2.4 million on equipment.

Table 4.9

British Columbia Ferry Corporation Summary Income Statement and Operating Data

Fiscal year ended March 31.		1987	1988	Change 1987–1988
		($ millions)		(per cent)
Net operating revenue		151.3	**157.0**	3.8
Operating expense		182.6	**176.1**	3.6
Operating loss before subsidy		31.3	**19.1**	39.0
Provincial subsidy		57.0	**57.0**	—
Income from operations		25.7	**37.9**	47.5
Interest expense		7.8	**6.6**	15.4
Depreciation		29.5	**29.7**	0.7
Net income (loss) before extraordinary items		(11.6)	**1.6**	—
Extraordinary gain		2.0	**—**	100.0
Net income (loss)		(9.6)	**1.6**	—
Traffic				
Vehicles	(thousands)	6,526	**6,491**	0.5
Passengers	(thousands)	18,235	**17,014**	6.7
Capacity utilization (annual average)				
Vehicles		60%	**63%**	
Passengers		34%	**27%**	

Source: British Columbia Ferry Corporation

British Columbia Transit

British Columbia Transit was established in 1978 to ensure a uniform provincial policy for urban transit. British Columbia Transit manages a provincial fleet of 1,400 vehicles, including 114 SkyTrain cars, and two SeaBus ferries, and numerous other physical assets, including transit exchanges and garages, in 37 municipalities.

British Columbia Transit also funds transportation for disabled persons who are unable to use conventional public transit vehicles. A custom transit service known as handyDART serves Greater Vancouver, Greater Victoria, Maple Ridge, Abbotsford-Matsqui, Kelowna, Kamloops, Prince George, the Vernon area, Penticton, Alberni-Clayoquot and Prince Rupert.

Transit systems are financed through a funding formula specifying the shares covered from a provincial government contribution, municipal government contribution and direct operating revenues (farebox, passes and advertising). In Greater Vancouver and Victoria the municipal contribution may be raised through a combination of property taxation, an electrical power levy and a gasoline surcharge, and in the rest of the province through property taxation.

SkyTrain

British Columbia Transit has overall responsibility for the construction of a major urban transit project in Greater Vancouver. Phase I of the project, the 22-kilometre SkyTrain rapid transit line between downtown Vancouver and New Westminster, was successfully commissioned on January 2, 1986 at a cost before interest charges of $854 million. Phase II from New Westminster to Scott Road in Surrey is scheduled for completion in 1990 at a cost before interest charges of $179 million.

A new funding formula has recently been agreed to for the Vancouver region. Under the new formula, the provincial government is responsible for a greater share of SkyTrain capital costs while municipal governments bear the greater share of operating and non-SkyTrain capital costs. As a result, the provincial government will contribute over $300 million more to transit services in the Vancouver region over the next ten years, compared to the estimated contributions provided under the old formula.

Operations

During 1987/88, B.C. Transit expenditures increased slightly to $353 million. These expenditures were partially offset by receipts from transit operations of $106 million and a provincial government debt assistance grant of $42 million. The year end deficit of $200 million was cost shared by municipalities and the provincial government.

Operating results are summarized in Table 4.10.

Table 4.10

British Columbia Transit Statement of Operating Expenditures and Recoveries

Fiscal year ended March 31	1987	1988	Change 1987-1988
	($ thousands)		(per cent)
Expenditures			
Transit operations	188,821	**185,687**	1.7
Administration	26,934	**25,292**	6.1
Property leases and taxes	5,116	**5,553**	8.5
Debt servicing	131,479	**136,195**	3.6
	352,350	**352,727**	0.1
Recoveries			
Contributions from the provincial government	119,530	**117,531**	1.7
Contributions from municipalities	63,891	**82,578**	29.2
Transit operations	121,308	**105,596**	13.0
Provincial grant — debt servicing assistance	43,958	**41,690**	5.2
Other	3,663	**5,332**	45.6
	352,350	**352,727**	0.1

Source: British Columbia Transit

British Columbia Steamship Company (1975) Ltd.

British Columbia Steamship Company (1975) Ltd., incorporated under federal legislation, operates the steamship "Princess Marguerite" and the motor vessel "Vancouver Island Princess" providing daily round trip service between Seattle, Washington and Victoria, British Columbia.

The "Princess Marguerite" is licensed to carry 50 vehicles and 1,800 passengers, while the "Vancouver Island Princess" is licensed to carry 140 vehicles and 1,000 passengers.

The "Vancouver Island Princess" was introduced into service in 1987 as were casino services on both vessels. As a result of these innovations, passenger volumes for the company increased 21 per cent from 225,000 in 1986 to 272,400 in 1987. Automobile traffic increased from 16,000 to about 25,000 vehicles. Total revenue generated for the year increased 40 per cent to $10.9 million and the company's net loss was reduced from $1.1 million in 1986 to $0.7 million in 1987.

In 1987/88, the company considered a number of proposals from private sector firms to expand services through joint venture initiatives. In July 1988, the government announced agreement in principle to sell the operating assets of the company to the Stena Line of Gothenburg, Sweden for $6 million paid over two years. The government will retain 10 per cent ownership of the new corporation, British Columbia Stena Lines, and will receive 30 per cent of the net income from casino services.

British Columbia Housing Management Commission

In 1987, British Columbia Housing Management Commission was responsible for managing 7,759 subsidized rental units with the subsidies reducing rents to 30 per cent of tenants' incomes. Similar rent supplements were available for tenants of 12,316 non-profit and designated private sector housing units, including 712 units for physically and mentally disabled persons.

The provincial government contributed $15 million to the commission in 1987 and the Canada Mortgage and Housing Corporation contributed $21.4 million.

Provincial Rental Housing Corporation

The Provincial Rental Housing Corporation, acquired by the provincial government in 1973 and incorporated under the *Company Act*, holds all public rental housing on behalf of the provincial government. At December 31, 1987, the corporation, which is self-supporting, had a net investment of $72 million in these rental properties.

British Columbia Buildings Corporation

British Columbia Buildings Corporation was established in 1976 to bring strict accountability to the provision and allocation of government accommodation. The corporation is self-supporting, raising operating funds by charging government ministries rent that is based on equivalent rates in the commercial marketplace.

During 1987 88, revenue of the corporation increased by 4.3 per cent to $250 million while operating expenses before interest charges increased by 5.4 per cent to $183 million. Interest costs, however, decreased by $17 million, as a result

Table 4.11

British Columbia Buildings Corporation Summary Income Statement

Fiscal year ended March 31.	1987	**1988**	Change 1987–1988
	($ millions)		(per cent)
Revenue			
Rentals	222.5	**231.7**	4.1
Other income	17.4	**18.4**	5.7
	239.9	**250.1**	4.3
Expenses			
Property management	62.5	**67.6**	8.2
Leases	47.6	**51.2**	7.6
Depreciation and amortization	28.5	**29.8**	4.6
Energy	14.4	**14.1**	2.1
Property taxes and grants	11.6	**11.1**	4.3
General and administrative	8.8	**8.9**	1.1
	173.4	**182.7**	5.4
Net income before interest	66.5	**67.4**	1.4
Interest	61.2	**44.4**	27.5
Net income	5.3	**23.0**	434.0

Source: British Columbia Buildings Corporation of the provincial government assuming $205 million in debt associated with the corporation's investment in British Columbia Place effective March 31, 1987. The corporation's net income increased from $5 million in 1986/87 to $23 million in 1987/88. The higher net income and lower overall debt structure allowed the corporation to pay a dividend to the provincial government equal to its entire net income.

The corporation's income statement is presented in Table 4.11.

British Columbia Systems Corporation

British Columbia Systems Corporation was established in 1977 to advance the effective and efficient use of information systems in the British Columbia public sector. As a service organization within government, British Columbia Systems Corporation provides shared computer processing, data and voice communications, and selected professional services on a competitive basis. In 1987/88, the corporation received 90 per cent of its revenue from provincial government ministries with the balance from other government entities.

During 1987/88, the corporation recorded a profit of $4.2 million on revenues of $43.4 million. These results were achieved through increases in volumes for all revenue categories, a reduction of $11.0 million in total corporate debt over the last two years, and a grant from the provincial government of $3.8 million.

Provincial Capital Commission

The mandate of the Provincial Capital Commission is to protect and enhance the amenity values of the Capital Improvement District, which includes the city of Victoria, the municipalities of Esquimalt and Oak Bay, the entire Saanich peninsula and part of the Western Communities.

Of the 99 projects undertaken since 1956, over 30 have involved the Victoria Inner Harbour where investment has exceeded $4 million. Other projects of note include involvement with major parts of the Scenic Drive, the Gorge Waterway, Bowker Hill Park, the Colquitz River Park, Beacon Hill Park and the rehabilitation of the Crystal Garden facility.

Major ongoing responsibilities include operation of the Crystal Garden and the stewardship of the former St. Ann's Academy campus which will undergo a phased program of renovation and restoration.

British Columbia School Districts Capital Financing Authority

As the marketing agency for the capital funding requirements of school districts, this authority raised $59 million in the 1987/88 fiscal year. At March 31, 1988, there was $868 million in net debt outstanding guaranteed by the provincial government.

British Columbia Regional Hospital Districts Financing Authority

As the marketing agency for the capital funding requirements of regional hospital districts, this authority raised $83 million in the 1987/88 fiscal year. At March 31, 1988, there was $749 million in net debt outstanding consisting of $733 in guaranteed debt and $16 million in fiscal agency loans.

British Columbia Educational Institutions Capital Financing Authority

The authority is the marketing agency for the capital funding requirements of universities, colleges and provincial institutes. Borrowing of $7 million was undertaken in the 1987/88 fiscal year. At March 31, 1988, there was $379 million in net debt outstanding, consisting of $360 million in guaranteed debt and $19 million in fiscal agency loans.

5

PROVINCIAL PROGRAMS FOR PEOPLE

5. Provincial Programs for People

Introduction

The provincial government provides a wide range of social services to residents of the province, including programs for health, education, income assistance, housing, justice, recreation and culture.

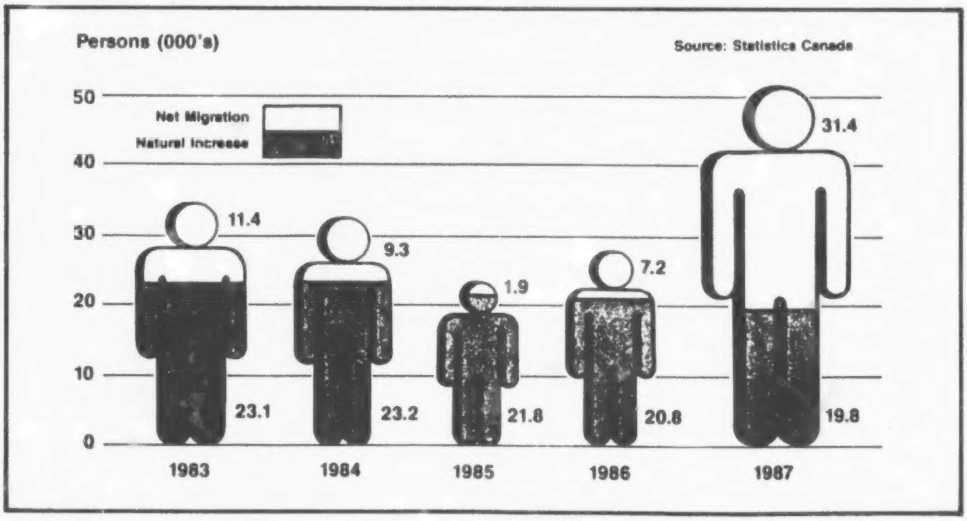
The scope of government programs is strongly influenced by changes in the size and age structure of the population.

The People of British Columbia

British Columbia's population on January 1, 1988 was an estimated 2,961,100, an increase of 1.8 per cent from January 1, 1987.

Historically, British Columbia has experienced population growth well above the national average. The province's population grew at an average annual rate of 1.6 per cent between 1977 and 1987, compared to a 1.0 per cent annual rate for Canada. As a result, the province's share of national population increased from 10.7 per cent in 1977 to 11.4 per cent in 1987.

Chart 5.1 Components of British Columbia Population Change



Source: Statistics Canada

Components of Population Growth

Migration and natural increase (births minus deaths) have influenced population growth in British Columbia in approximately equal proportions. Over the 1977 to 1987 period, migration accounted for 53 per cent of the total population growth, with natural increase contributing 47 per cent. As seen in Chart 5.1 and Appendix Table 1.1, there have been significant variations in the relative importance of the two population growth components year by year, with natural increase relatively more important from 1982 to 1986. During 1987, however, migration was the more important component, accounting for approximately 60 per cent of population growth.

Interprovincial migration, rather than international migration, tends to dominate the migration component, accounting for approximately 60 per cent of the net population change through migration over the 1977 to 1987 period. During 1987, a net inflow of 19,408 persons from the rest of Canada was recorded, up sharply from 1,136 in 1986.

This net inflow was mostly from other western provinces, particularly Alberta, while residents leaving British Columbia went mainly to Ontario, where unemployment rates are the lowest in the country. Preliminary data for the first six months of 1988 show net inflows from all provinces except Prince Edward Island. British Columbia's popularity as a retirement destination tends to produce a stable net inflow of older migrants from other provinces.

There was also a significant increase in net international migration during 1987, with net migration almost doubling from 1986 to 11,978. Net international migration had fallen from a high of 19,170 in 1980 to a low of 5,116 in 1985.

The natural increase in the population was slightly lower in 1987 than in 1986. Births decreased by 1.8 per cent to 41,221 in 1987, while deaths increased by 1.2 per cent to 21,465.

Table 5.1

British Columbia Population by Age

Age Group at June 1.	1977		**1987**	
	(000)	(per cent)	**(000)**	**(per cent)**
0–4	174	7.0	**206**	**7.0**
5–19	651	26.0	**599**	**20.5**
20–44	922	36.9	**1,176**	**40.2**
45–64	502	20.1	**579**	**19.8**
65 and over	251	10.0	**366**	**12.5**
Total	2,500	100.0	**2,926**	**100.0**

Source: Statistics Canada

Demographic Structure

In British Columbia, as in the rest of Canada, the average age of the population has risen steadily since the 1960s. Over the last 10 years the number of British Columbians of school age — 5 to 19 years — has declined by 52,000. This has modified program expenditure requirements for public school education. By contrast, British Columbians aged 65 and over increased by 115,000 over the same period and now account for 12.5 per cent of the total population. (See Table 5.1.) This has resulted in increased program expenditure requirements for health care programs. As the population continues to age, health care expenditure pressures can be expected to increase.

Health Programs

The total expenditure on the province's health programs during 1987/88 was $3.6 billion. This represented an average expenditure of over $1,200 for each resident of the province. Spending by the provincial government to provide health services accounts for almost one-third of total provincial government expenditure. Because of the high cost of health care, the province is seeking new ways to deliver these programs. (See Topic Box.)

With the exception of subscribers' premiums for the Medical Services Plan, funding for health programs is provided primarily by direct provincial government contributions. The province receives federal transfer payments for health under the EPF program which cover a portion of these costs.

Hospital Programs

The provincial government spent in excess of $1.7 billion on hospital programs during 1987/88.

Operating funds of approximately $1.6 billion supported 11,305 beds and 1,348 bassinets in the province's 104 acute care hospitals, 328 beds in four rehabilitation care hospitals, 7,511 beds in 86 extended care hospitals and units, and 14 diagnostic and treatment centres.

During 1987/88, 434,000 acute/rehabilitation patients were admitted to the province's hospitals with an average stay of 7.4 days. Acute/rehabilitation patients received a total of 3.5 million days of care, while extended care patients received 2.6 million days of care.

Out-patient services included 156,000 day care surgery visits, 1.5 million emergency and short stay surgery visits, 44,000 kidney dialysis visits, 114,000 psychiatric visits, and 658,000 physiotherapy visits.

During 1987/88, $81 million was spent for hospital construction and renovation and $38 million was spent on equipment purchases. New extended care beds were opened at Nanaimo Regional General Hospital and Peace Arch District Hospital. Also completed during 1987/88 were an acute expansion project at Cranbrook Hospital, the replacement of the acute portion of the Squamish General Hospital, and various renovation and improvement projects at Campbell River and District General Hospital, Cowichan District Hospital, Nicola Valley General Hospital, Lions Gate Hospital, Penticton Regional Hospital, Prince George Regional Hospital, Richmond General Hospital, Sparwood General Hospital and Vancouver General Hospital.

VICTORIA HEALTH PROJECT

British Columbia has an excellent health care system which has served its residents remarkably well for many years. This system will face many new challenges and pressures in the 1990s and into the 21st century, including an aging population, changing public expectations, rapidly evolving technology and increasing cost pressures.

In 1988-89 the provincial government will spend more than $3.9 billion, or one-third of its budget, on health care. Although concerns have been raised about the high cost of health care, the government remains committed to maintaining high standards of care. To accomplish this, there is a need for innovative approaches to ensure quality care, responsiveness to local needs and efficiency in the spending of health care dollars.

A Pilot Project for the Capital Regional District

With this goal in mind, the March 15, 1988 Throne Speech announced the initiation of a pilot project to be led by the Ministry of Health and involving the Greater Victoria Hospital Society (GVHS) and the Capital Regional District (CRD). The project was to focus on new strategies, techniques and ways of delivering health care, particularly to senior citizens, through a community-based, integrated delivery system.

In keeping with the Throne Speech commitment, the government's March 24, 1988 Budget provided funding for the joint pilot project through the New Programs vote. A sum of $4 million was allocated to provide for:

- the establishment of health centres to address the special needs of seniors;
- the implementation of an integrated community-based health care delivery system in the CRD;
- the development of new health information systems to better assess community health care needs; and,
- initiatives to reduce the cost of physician services in the CRD.

The Capital Regional District (Victoria) was chosen as the site of this pilot project because of two unique characteristics.

First, the area is well-defined geographically with relatively few residents seeking care outside the community. Second, with more than 18 per cent of the population now over the age of 65, it represents a demographic profile of British Columbia 20 to 30 years from now. Seniors are major users of health care in the CRD, consuming nearly 50 per cent of the area's $360 million in annual spending and over 60 per cent of the acute care hospital patient days.

Joint committees of CRD, GVHS and Ministry of Health officials were established to guide the development of the project, which came to be known as the Victoria Health Project.

The Victoria Health Project has encouraged the full involvement and support of key sectors of the health care community. An initial public meeting was held which resulted in 113 proposals being submitted for project funding. These proposals were assessed against the mission, objectives and guiding principles of the project and the most appropriate became part of the project's action plan, which is divided into two phases.

The First Phase

Phase I will focus on the integration and coordination of services to the elderly, specifically, the frail elderly and the chronically ill. This initial phase allows the project to be more manageable and recognizes a target population with high priority needs.

The following are the six key project areas that will be emphasized during Phase I:

(1) Seniors Wellness Centres: The one-stop centres will encourage wellness, provide information, offer volunteer peer counselling and community support, and may offer the services of a physician or nurse practitioner and referrals to other health professionals;

(2) Caregiver Support and Training Programs: These will support home care by providing training and counselling for caregivers and by increased training for homemakers;

(3) Health Maintenance Initiatives: Aimed at maintaining people in their home environment, projects include adult day care programs with enhanced medical and rehabilitative programs, outreach programs, meal services, loans of medical equipment, and transportation services;

(4) Establishing a "Home Team" to prevent unnecessary acute hospital admissions;

(5) Improving the assessment process and information systems related to the elderly; and,

(6) Establishing a rural community health project for the elderly.

These projects will assist in:

- improving integration and coordination of services, particularly for the elderly;
- testing innovative approaches to health care for the elderly;
- reducing inappropriate admissions to acute hospitals; and,
- improving the linkage between institutional and community resources.

The Second Phase

Phase II of the Victoria Health Project is aimed at the broader objectives of implementing a community-based health organization and providing more effective care using current resources. In this area, a number of background studies are in various stages of completion. These studies will help to define the future directions for a community-based health organization in Victoria. In coming months the Victoria Health Project will hold further public meetings to inform the community about current initiatives and to obtain broad based input on future directions.

The Victoria Health Project serves as a unique opportunity to pilot test, on a small scale, initiatives that the entire provincial health care system might use to ensure high quality, appropriate and affordable health care for seniors and other British Columbians.

Medical Services

The Medical Services Plan offers comprehensive medical care coverage, as well as coverage of certain in-hospital oral surgery procedures and specified services provided by non-physician providers of health care. Approximately 98 per cent of British Columbians are covered under the Medical Service Plan while the federal government provides coverage for other residents, such as Armed Forces personnel.

Medical Services Plan expenditures during 1987/88 were $1,024 billion. Subscriber premiums funded approximately 41 per cent of this expenditure with the balance provided by the provincial government, including premium assistance for low-income individuals. (For details on premium assistance see Appendix Table 5.1).

During 1987/88, Plan expenditures were distributed as follows:

- $882 million in fees paid to physicians and surgeons for patient treatment;
- $65 million in fees paid to other health care providers, including chiropractors, podiatrists, physiotherapists, massage practitioners, naturopaths, dentists and optometrists for patient treatment;
- $50 million for salaried and sessional physicians;
- $3 million for the physicians' education and disability fund; and,
- $24 million for administration.

Continuing Care Program

The Continuing Care Program helps persons with long-term health-related problems requiring supportive care. Services include:

- long-term care facilities which provide residential care for physically and mentally infirm adults who can no longer function independently due to aging or physical handicap;
- the Home Nursing Care Program which provides comprehensive care by experienced registered nurses to assist patients of all ages to remain in their own homes during illness;
- the Community Physiotherapy Program which provides direct treatment as well as consultative and preventive services;
- homemaker services which help elderly and young handicapped adults who cannot live independently, including a specialized homemaker respite service offering relief to family care-givers who provide 24 hour care for disabled family members;
- the Adult Day Care Program which provides personal assistance and supervision in a protective group setting for adults with physical and mental handicaps; and,

- Group Homes for Handicapped which provide care for younger handicapped persons to allow them to reside in a community setting.

During 1987/88, Continuing Care Program expenditures were $330 million, including $225 million for long-term care, $57 million for homemaker services and $24 million for home nursing care. Almost 15,000 clients resided in 144 long-term care facilities operated by non-profit societies and 8,600 clients resided in 244 facilities operated by proprietary organizations. Almost 34,000 clients received a monthly average of 13.6 hours of homemaker services and about 33,000 clients received 685,000 home nursing care visits.

Pharmacare Program

The Pharmacare Program provides reimbursement for prescription drugs, eligible medical supplies and designated permanent prosthetic appliances. For the majority of British Columbians 80 per cent of eligible expenditures in excess of $300 are reimbursed under the program. British Columbians aged 65 and over receive free prescription drugs under the program but are required to make a 75 per cent co-payment of drug dispensing fees up to an annual maximum of $125. Residents of licensed long-term care facilities and private hospitals and eligible income assistance recipients receive program benefits at no personal cost. Expenditures for this program were approximately $157 million during 1987/88.

Community and Family Health Care

Community and Family Health Care includes mental health services, court-related psychiatric services, services to the handicapped and community and preventive health services. During 1987/88, almost $250 million was spent on providing these services.

Facilities providing mental health services included Riverview Hospital, a 1,220-bed institution, and mental health centres in 46 locations. The Community Residential Care program funded 1,735 beds in private and non-profit community facilities as well as 122 family care beds in private homes.

The Forensic Psychiatric Services Commission provides consulting and assessment services to the courts and treatment to mentally disordered persons referred by court order. Facilities include the Forensic Psychiatric Institute, a 121-bed secure facility, the Maples Adolescent Treatment Centre, a 69-bed facility for mentally ill adolescents, and an in-patient assessment unit for youths requiring assessment under the *Young Offenders Act*.

The Services to the Handicapped Division was established to develop community based alternatives to institutional care for severely handicapped children and adults. Emphasis is on community placement of mentally handicapped persons. The division also funds Glendale Lodge, a 325-bed facility for severely physically and mentally handicapped persons.

The Preventive Services Program promotes lifestyle and health care practices that help to eliminate or minimize illness and disease. It includes the activities of the public health nursing, fitness, nutrition, dental health, and speech and hearing branches, health education and immunization programs, public health inspections and the British Columbia Centre for Disease Control.

The British Columbia Centre for Disease Control coordinates health services for the control of sexually transmitted diseases and the control of tuberculosis, the kidney dialysis service, and health services for provincial government employees. It also manages provincial public health laboratories.

Alcohol and Drug Programs

During 1987/88, $23 million was spent for prevention, education, treatment and rehabilitation related to alcohol and drug abuse. Seven detoxification centres focus on the initial rehabilitation phase, 45 out-patient clinics provide counselling and treatment in 40 communities, and 9 supportive recovery homes, and 9 residential treatment centres provide special service for patients requiring more intensive treatment.

Emergency Health Services

Emergency Health Services provides ambulance service and pre-hospital care through 762 full-time and 2,000 part-time attendants working from 185 ambulance facilities in 162 communities. During 1987/88, there were over 260,000 ground ambulance trips and approximately 5,600 air ambulance trips. Emergency Health Services expenditure was $59 million in 1987/88.

Education Programs

Education programs in British Columbia are provided by two ministries; the Ministry of Education which has responsibility for primary and secondary education and the Ministry of Advanced Education and Job Training which has responsibility for post-secondary education.

Public Schools

The British Columbia public school system encompasses all grades from kindergarten to grade 12, with free tuition. Kindergarten is available for children five years old in most school districts but is not compulsory. Public school attendance, or a satisfactory alternative, is compulsory for children between seven and fifteen years of age. The length of the school term normally is between 195 and 200 days per year.

There are 1,498 public schools in the province, including 1,130 elementary schools, 96 combination elementary/secondary schools and 272 secondary schools with approximately 491,000 pupils.

The Ministry of Education provides overall management of the school system by setting a framework to ensure basic equality in school programs across the province. Direct administration is provided by locally elected boards of trustees in the province's 75 school districts.

During 1987/88, expenditures for public school education exceeded $2 billion or approximately $4,160 per pupil. Provincial government contributions totalled $1.7 billion or almost 85 per cent of total expenditure. School districts raised an additional $313 million (net of provincial government homeowner grants) through residential property taxation.

Provincial contributions to public school education were as follows:

- contributions to school district operating budgets of $1,187 million including the non-residential property tax levy;
- contributions for the provincial share of interest and sinking fund charges for capital construction projects and equipment purchases for schools of $109 million;
- contributions, on behalf of all school districts, to cover the employer's contribution to the Teachers' Pension Fund and the employer's portion of medical and dental expenses for retired teachers totalling $115 million;
- grants to homeowners of $241 million to reduce residential property taxes levied directly by school districts;
- grants to school districts totalling $36 million for special projects related to computer technology acquisition, teacher training, program effectiveness and equipment acquisition; and,
- Pacific Rim Initiatives funding of $2 million to provide for curriculum development, teacher training and student and teacher exchanges.

Independent Schools

The provincial government also provided $42 million during 1987/88 to 207 independent schools with approximately 30,200 pupils.

Universities

There are three publicly funded universities in British Columbia — the University of British Columbia located in Vancouver; the University of Victoria located in Victoria; and Simon Fraser University located in Burnaby. These universities offer a wide range of courses in undergraduate, graduate and professional programs. They conduct basic and applied research and contribute to the cultural development of the province. Approximately 36,000 full-time and 17,000 part-time students were enrolled during the fall of 1987.

During 1987/88, the provincial government contributed $359 million to the university system in British Columbia. The provincial government contribution funded approximately 80 per cent of total university financial requirements. Remaining requirements were met through tuition fees (18 per cent) and other revenue (2 per cent). Beginning in 1988, the new University Matching Fund Program provides additional incentives for private sector donations to the three provincial universities. (See Topic Box).

Colleges and Institutes

British Columbia also has an extensive system of non-university post-secondary education providing academic, technical, vocational, career and adult basic education programs. The programs are administered through 15 community colleges and three institutes located throughout the province, and the Open Learning Agency which provides long distance education for students unable to attend other institutions. During 1987/88, there were approximately 37,000 full-time and 38,300 part-time students attending these centres.

UNIVERSITY MATCHING FUND PROGRAM

The University Matching Fund Program (Matching Program) is a six year, $110 million program. The purpose of the program is to encourage private sector donations to the three provincial universities and to enhance the quality of post-secondary education in British Columbia. Eligible donations to universities from corporations, businesses, individuals and non-profit societies will be matched on a dollar for dollar basis by the provincial government.

Program Funding

Funding for the Matching Program is in addition to the universities' regular operating grants and reflects the government's commitment to excellence in the universities. For 1988/89 the university operating grants were increased by 5.0 per cent or $16.5 million. With the $10 million Matching Program for 1988/89, overall provincial funding to the universities will increase by approximately 8.0 per cent.

The provincial funding is conditional on the universities receiving matching private sector donations. If the private sector matches all available provincial funding, a total of $220 million will flow to the universities. Specifically the province will provide $10 million in 1988/89 and $20 million annually from 1989/90 to 1993/94 for a total commitment of $110 million.

Project Criteria and Selection

Matching Program Funds will be used to fund research facilities and equipment, major capital projects, scholarships and endowed chairs which are consistent with the province's educational priorities for the universities. These priorities are reflected in the following six educational values:

- *Program Quality and Excellence*: New programs in science and technology will be developed and research facilities, resources and equipment will be updated.
- *Adaptability and Flexibility*: This includes expansion of training, upgrading and professional development programs; and increasing the adaptability of institutions to changing economic, social and technological circumstances;
- *Cooperation and Partnerships*: Eligible projects include joint university/private sector research and development projects which enhance economic development and technology transfer;
- *Quality of Life*: Eligible programs foster social, cultural and economic development, possibly through resource and cultural centres;
- *Creativity and Innovation*: The transfer of knowledge and expertise to other sectors of the economy through commercial application of research and development will be encouraged; and,
- *Pursuit of Knowledge through Scholarships and Research*: This includes funding to support national and international caliber research resources.

These values and strategic objectives have been designed to be broad enough, so that virtually all the programs offered by the universities will qualify for Matching Program funding.

The provincial government provided $344 million to community colleges and institutes during 1987/88. This contribution funded approximately 84 per cent of total college and institute requirements with remaining requirements met through tuition fees (14 per cent) and other revenue (2 per cent).

Student Assistance

Students attending post-secondary institutions are eligible for a variety of programs, depending on the student's merit and degree of need.

A number of scholarships are awarded for outstanding performance, such as the Premier's Excellence Awards of $5,000 for the top Grade 12 student in each college region who subsequently enrolls in a British Columbia post-secondary institution.

Loans are available from the federal and provincial governments up to an annual amount of $6,200 for a single student and $8,400 for a student with dependent children, providing the student demonstrates a personal commitment through paid or volunteer work. Upon successful completion of a program the provincial government will repay, on behalf of the student, any loans in excess of $12,000 for a first degree and $16,000 for a second degree.

Other special assistance programs include support for persons undertaking adult basic education and funds of up to $500 to cover relocation costs for needy students.

Social Services Programs

The Ministry of Social Services and Housing delivers a wide range of social services and income security programs to assist the elderly, the handicapped and people requiring income assistance or social support.

Income Assistance

Income assistance is provided to eligible British Columbia residents between the ages of 19 and 64 who cannot provide the necessities of life for themselves and their dependents. The program also provides an assured minimum income for eligible handicapped persons and senior citizens. In March 1988, income assistance was provided to 137,997 persons and for 103,154 dependents. Total expenditures on income assistance in the 1987/88 fiscal year were $866 million.

Family and Children's Services

The Ministry of Social Services and Housing provides services for families and children including adoption services, child protection, foster care and family support, such as homemakers, to help care for children. In 1987/88, expenditure totalled $116 million.

Rehabilitation and Support Services

In 1987/88, the Ministry of Social Services and Housing allocated $99 million for rehabilitation and support services including residential care, self-help skills, training and achievement centres for mentally handicapped adults, subsidized and special needs day care, infant development programs and senior citizen counsellors.

Under the Community Projects Funding Program, the ministry contributed $5 million to non-profit societies that provide social services which complement ministry programs in local communities.

Expenditure for special programs for the retarded, which includes the Alder Lodge and Woodlands institutions, totalled $48 million.

Services for Seniors

The provincial government provides a variety of programs for senior citizens to support and enhance their independence, well-being and health.

The SAFER (Shelter Aid for Elderly Renters) program provides renters aged 65 and over in receipt of federal old age security with monthly shelter aid payments equal to 75 per cent of the amount by which their rent exceeds 30 per cent of income. The maximum eligible monthly rental assistance is $330 for a single person and $365 for a couple. In March 1988, 8,436 persons qualified for SAFER benefits. Expenditure on the program was $6 million in the 1987/88 fiscal year.

The GAIN for seniors supplement provides a guaranteed minimum income to those seniors in receipt of the federal government's old age security, guaranteed income supplement and spouse's allowance. There were 45,012 program recipients as of March 1988 and expenditure in 1987/88 was $20 million.

The Bus Pass Program provides subsidized bus passes to aid and encourage the mobility of eligible low income senior citizens and recipients of GAIN handicapped benefits. Total program expenditure for 1987/88 was $6 million.

The Land Tax Deferment Program allows eligible property taxpayers (aged 65 and over, widows or widowers, or handicapped persons as defined by the *Guaranteed Available Income for Need Act*) to defer the payment of property taxes on their ordinary place of residence. At the end of 1987 there were 2,699 persons benefiting from this program. Annual interest charged on deferred taxes is currently 7.75 per cent. Under a legislative amendment passed in 1986 this rate may be adjusted every six months but is not to exceed the prime rate less 2 per cent. Effective with the 1988 property tax year, eligible owners of mobile homes may also qualify for land tax deferment.

Housing and Land Development

A number of programs are available to provide mortgage assistance and housing for senior citizens, families and disabled persons.

The Home Purchase Assistance Program offers second mortgages of up to $10,000 to eligible purchasers of new or used homes with values within prescribed price limits. In 1987/88, 9,502 mortgages were issued totalling $82 million.

The Rental Conversion Loan Program provides first and second mortgages of up to $25,000 per new unit when single family homes, industrial buildings or commercial property are converted to rental accommodation. In 1987/88, two loans totalling $825,000 were issued to create 35 new rental units.

In 1987, 1,683 units of non-profit social housing were committed under new federal-provincial housing agreements: 1,038 units for seniors, 470 for families, and 175 for the disabled. Annual provincial subsidies for these units, when completed, are estimated at $3.4 million.

In cooperation with the Ministry of Health and the Ministry of Social Services and Housing, the British Columbia Housing Management Commission approved 274 beds in non-profit housing, in group homes and in larger facilities for mentally and physically disabled clients. The estimated annual expenditure by the Commission on these units is $295,000.

The Crown Land Special Account provides recoverable financing for the acquisition, servicing and development of land for residential, recreational, agricultural and commercial purposes. The account also provides for non-recoverable expenditures for park land, social housing sites and ecological reserves and for operating costs in support of Crown land and residential land development programs.

Labour Programs and Services

The Ministry of Labour and Consumer Services provides various services to enhance labour/management co-operation throughout the province. The Ministry of Advanced Education and Job Training develops and administers job training and employment programs which are intended to upgrade the skills of the provincial labour force.

Employment Standards

The Employment Standards Branch of the Ministry of Labour and Consumer Services enforces legislation pursuant to the *Employment Standards Act* which regulates conditions of employment including: hours of work, payment of wages, minimum wages, annual holidays, maternity benefits, general vacations and terminations.

The program is delivered by 60 Industrial Relations Officers in 14 offices throughout the province. The branch also provides investigation and mediation services to the Industrial Relations Adjudication Division and investigation and other services to the British Columbia Council of Human Rights.

During 1987/88, employment standards officers conducted more than 20,000 investigations and recovered more than $5 million in unpaid wages, vacation pay and severance pay on behalf of employees.

Compensation Advisory Services

Workers' Advisers and Employers' Advisers assist workers and employers in their dealings with the Workers' Compensation Board. Workers' Advisers provide advice to injured workers and their dependents about the policies and benefits of the Workers' Compensation Board, as well as assistance in cases involving complex legal and medical issues or important policy questions. Employers' Advisers provide independent advice, assistance and information to employers, potential employers and employers' associations with respect to workers' compensation legislation, decisions, appeals, policy and related matters.

Industrial Relations Council

The Industrial Relations Council was established in July 1987 under the *Industrial Relations Reform Act*. The council encourages parties to settle disputes on their own but, failing this, the Commissioner of the Industrial Relations Council may impose measures to protect the public interest.

The Dispute Resolution Division assists parties involved in collective bargaining to settle contract disputes, monitors all labour disputes and designates essential services. During 1987/88 the Dispute Resolution Division helped settle 102 labour disputes involving 206 employers and 20,650 employees, with 83 per cent of these disputes settled by mediators.

The Industrial Relations Adjudication Division deals with interpretations of collective agreements. It can make rulings on legal issues involving bargaining rights, unfair labour practices, strikes and picketing.

The Commissioner of the Industrial Relations Council also monitors all labour disputes. The Commissioner can: appoint a fact-finder; meet with disputing parties; appoint a Public Interest Inquiry Board; direct the Disputes Resolution Division to appoint a mediator; or when the public interest is at stake, may direct that employees vote on management's final offer.

Safety Engineering Services

The Safety Engineering Services Division of the Ministry of Municipal Affairs, Recreation and Culture provides services to ensure safe living and working conditions. The services relate to the installation and operation of boiler and pressure vessels, elevators, amusement rides and gas and electrical systems. Standards development, safety education and safety assurance activities are undertaken in conjunction with industry.

Workers' Compensation Board

The Workers' Compensation Board compensates injured workers for loss of earnings and medical expenses and provides rehabilitation for disabling injuries. It also protects workers on the job by promoting accident prevention, industrial hygiene, first-aid regulation and inspection, and safety education programs. The Board encourages labour/management cooperation on accident prevention and industrial safety.

The cost of the program is paid by employers through assessments based on previous accident records. Employers paid $323 million in assessments in 1987 while claims amounted to $319 million.

The Board also administers the *Criminal Injuries Compensation Act*, which compensates victims of crime and those injured while assisting police officers.

The Workers' Compensation Review Board is an independent appeal body which reviews decisions of the Workers' Compensation Board at the request of workers, their dependents, or employers.

Apprenticeship and Employment Training

The Job Training Division of the Ministry of Advanced Education and Job Training is responsible for a variety of employment and apprenticeship training programs, as well as vocational and rehabilitation services and private training institutions. Over 35,000 individuals benefit from these programs and services.

Employment training programs provide services which benefit specific groups of individuals. In 1987/88, funding was provided for over 13,500 jobs primarily through wage subsidies to employers.

Apprenticeship training programs provide counselling and consultative support to approximately 12,000 apprentices annually. In 1987/88, 2,900 apprentices satisfactorily completed their indenture period. In addition, 6,700 tradesmen received trade certification or participated in upgrading and retraining programs.

The Private Training Institutions Program provides registration and monitoring of all private training institutions in the province. As at March 31, 1988, there were over 400 registered schools in British Columbia.

Vocational Rehabilitation

In 1987/88, a total of 2,060 disabled persons received employment-oriented training and other assistance through the vocational rehabilitation services of the Ministry of Advanced Education and Job Training.

Women's Secretariat

The Women's Secretariat of the Ministry of Advanced Education and Job Training coordinates all government initiatives specifically related to women and ensures that issues of concern to women are considered at the most senior levels of government. The responsibilities of the Secretariat include policy planning and research, regional programs, communications and special projects, and training and career development. The Women's Secretariat has a mandate to ensure that women are full and equal partners in the social, political and economic life of British Columbia. To fulfill this mandate, the Secretariat plays an advocacy, monitoring and leadership role on all issues affecting women in the province.

Youth Council

The British Columbia Youth Advisory Council of the Ministry of Advanced Education and Job Training was established in 1985 to assist young people to achieve their full potential and to actively participate in the social, economic and public life of the province.

Major activities include: Regional Youth Committees, established to provide advice to the council on regional issues; the Youth Grants Program, to stimulate community projects of benefit to youth; Special Projects, such as a submission presented to the Royal Commission on Education; and, extensive studies of drug and alcohol abuse and youth employment and training initiatives.

British Columbia Council of Human Rights

The British Columbia Council of Human Rights is responsible for administering and enforcing the *Human Rights Act*, proclaimed in September 1984. The five-member council receives, investigates and adjudicates allegations of discrimination and informs the public on how to use the council's services and how to avoid and prevent discrimination. From September 1984 to March 31, 1988, the council received 7,604 inquiries and 263 new complaints, held 40 hearings and gave 113 speeches outlining rights and responsibilities under the *Act*.

Administration of Justice

The Ministry of Attorney General is responsible for the administration of the court system and some specific regulatory agencies such as the Public Trustee and the Expropriation Compensation Board. The ministry also provides legal advice to government on matters of criminal, civil, constitutional and administrative law, and drafts proposed legislation and regulations. In addition, the Law Reform Commission continuously reviews provincial laws and makes recommendations to the Attorney General.

Criminal Justice

The Criminal Justice Branch provides Crown counsel for the prosecution of criminal cases and offences against provincial statutes and many municipal bylaws in the trial and appellate courts of the province and in the Supreme Court of Canada. Expenditure for 1987/88 was approximately $21 million.

Court Services

The Court Services Branch provides administrative services to all courts in the province except the Federal Court of Canada. The branch also provides sheriff, court reporting, and ancillary support services, and assists British Columbia Buildings Corporation in the design, construction and maintenance of all courthouses in the province. Branch expenditure was $88 million during 1987/88.

Legal Aid

The Legal Services Society offers legal assistance to individuals who would otherwise be unable to obtain legal counsel, and funds public legal education and information services. The government provided a grant of approximately $19 million to the society in 1987/88, with additional funding of $3 million raised through grants from the Law Foundation.

Public Trustee

The Public Trustee protects the assets and legal claims of persons who cannot protect themselves, when other assistance from relatives or other legal entities is inappropriate or unavailable. Services also include the investigation of complaints and assistance in management of financial and legal affairs.

Law Enforcement and Public Safety

During 1987/88, the Ministry of Attorney General was also responsible for law enforcement and issues of public safety, including police, corrections and a variety of regulatory, inspection and emergency services. These services are now the responsibility of the new Ministry of Solicitor General.

Police Services

The Police Services Branch provides services to help protect life and property and to reduce crime. The branch is responsible for municipal police training at the British Columbia Police Academy, while the British Columbia Police Commission monitors and audits the operation of local police forces. The branch is also responsible for firearms control and for the Provincial Emergency Program.

The Coordinated Law Enforcement Unit is a department of the branch which coordinates activities of police and other agencies to suppress organized crime. The Community Policing Section coordinates crime prevention programs, and auxiliary police programs promote community involvement in policing.

Under federal-provincial agreements, the Royal Canadian Mounted Police serve as the provincial police force and provide police services to most municipalities. The province paid the federal government approximately $81 million for these services in 1987/88.

Total Police Services Branch expenditure for 1987/88 was approximately $95 million.

Corrections

The Corrections Branch is responsible for family court counselling, community service order programs and youth and adult probation. The branch also operates correctional facilities for certain accused or convicted youths and for adults serving sentences of up to two years.

The branch operates 80 probation and family court service offices throughout the province. Facilities include six secure adult custodial institutions, four secure containment centres for delinquent youths, five open camps for youths, 12 open facilities for adults, and six community correctional centres. Expenditure of the branch for 1987/88 was approximately $126 million.

Justice Institute

The Justice Institute is a post-secondary training institution for people working within the fields of justice, emergency health and public safety. The institute provides training and related services to public service staff; develops and delivers training programs required by justice and public safety organizations; and provides specialized courses to other justice and community professionals.

British Columbia Gaming Commission

The British Columbia Gaming Commission sets policy for gaming within the province. The commission establishes the terms and conditions of licences to be issued to charities that use bingos, ticket lotteries or casino events to raise funds and acts as the licensing authority for such charitable events.

Motor Vehicle Department

The Motor Vehicle Department is responsible for regulating drivers, vehicles and motor carriers operating within the province to ensure safety on all roads and compliance with provincial and federal legislation.

Environmental Protection Programs

The Ministry of Environment is responsible for protecting the British Columbia environment, for conducting research and carrying out environmental inventories, and for administering licensing and permit systems designed to protect the environment.

Waste Management

The Ministry of Environment establishes pollution-discharge quality objectives for municipalities and industries. These standards are specified in discharge permits which are required for discharging any waste into the environment. Local governments may receive financial assistance for sewage disposal through the Ministry of Municipal Affairs, Recreation and Culture.

The Waste Management Branch administers a number of programs to encourage environmentally safe and productive management of wastes. Irrigation with treated domestic wastes and projects to recover materials and generate energy from refuse are currently operating or under development at several locations. A new program to strictly regulate the production, transport and disposal of environmentally hazardous materials is now in effect. Expenditures for the Waste Management Branch were $15 million in 1987/88.

Ecological Protection

Under the *Ecological Reserve Act*, a total of 119 ecological reserves have been established, covering 155,128 hectares, of which about one-third are subtidal.

Conservation Projects

The Wildlife Branch of the Ministry of Environment administers the Habitat Conservation Fund Special Account for the acquisition and enhancement of important fish and wildlife habitats. Since 1981, the fund has financed 408 projects throughout the province with a total expenditure of $10 million.

Fisheries

The objectives of the Recreational Fisheries Program of the Ministry of Environment are sustained production of healthy and abundant fresh-water fish populations through protection and enhancement of natural spawning and rearing habitats; production of hatchery fish to restock hundreds of lakes and streams each year; and management of angler demand through regulations, licensing, and public information and education.

Pesticide Control

The Pesticide Control Branch of the Ministry of Environment is responsible for regulating the sale and use of all pesticides in the province.

Flood Relief

In 1987/88, the Ministry of Environment provided $3 million for the River Protection Assistance and Dyking Program.

Consumer Services

The Consumer Services Branch of the Ministry of Labour and Consumer Services promotes fairness and understanding in the marketplace through the development, administration and enforcement of consumer legislation.

In pursuing this mandate, the branch:

- investigates alleged offences against consumer protection laws and prosecutes where necessary;
- assists landlords and tenants in settling disputes, informs landlords and tenants of their rights and responsibilities and investigates alleged contraventions of the *Residential Tenancy Act;*

- offers counselling services to consumers with debt problems and assists borrowers and lenders with debt repayment programs;

- regulates activities of the credit industry pursuant to the *Credit Reporting Act* and administers credit issues such as advertising, disclosure and credit practices under the *Consumer Protection Act*; and,

- licenses and regulates travel agents, motor dealers, cemetery operators and funeral directors offering prepaid services.

During 1987/88, $4 million was spent by the provincial government in undertaking these functions.

Corporate Relations

The Corporate Relations Division of the Ministry of Finance and Corporate Relations is responsible for regulating financial and commercial activities under provincial jurisdiction.

The Corporate Relations Division consists of three main sections.

- The Policy and Legislation Branch makes recommendations regarding all aspects of corporate and financial institutions policy, and implements policy decisions. The branch is currently in the process of consolidating all financial institutions legislation into one statute.

- The Office of the Superintendent of Financial Institutions is responsible for administering legislation governing credit unions, trust companies, cooperatives, insurance companies, real estate agents, insurance agents and mortgage brokers. The Superintendent's office underwent a major restructuring in early 1988, to provide a more efficient administrative structure enabling effective response and adaptation to new developments in the financial sector.

- The Corporate, Central and Mobile Home Registry administers all matters respecting corporations, societies and partnerships, registers all encumbrances against personal property and maintains a record of all mobile homes in the province.

During 1987/88, $10 million was spent by the provincial government on corporate relations activities.

British Columbia Securities Commission

The British Columbia Securities Commission is responsible for the regulation of the securities industry in the province, including registration of persons trading in or advising on securities; administration of prospectus filing and continuous disclosure requirements; and investigation and enforcement relating to securities legislation and policy. In 1987/88, nearly $5 million was spent to administer the commission.

Liquor Control and Licensing

The Liquor Control and Licensing Branch of the Ministry of Labour and Consumer Services issues and transfers licences for the sale of liquor; licenses breweries, distilleries, wineries and their agents; monitors and controls liquor advertising; inspects licensed premises to ensure they comply with the law; and takes appropriate disciplinary actions against contraventions of the *Liquor Control and Licensing Act*.

For information and statistics pertaining to the Liquor Distribution Branch, see Chapter 4.

Land Registry

The seven land title offices of the Ministry of Attorney General maintain records of all transactions in real property and issue certificates of title for each parcel of land. Each office has a registrar responsible for correctly interpreting the *Land Title Act* and all applicable statutes, to ensure that security of title is maintained at all times.

Vital Statistics

The Vital Statistics Division of the Ministry of Health administers the *Vital Statistics Act*, *Marriage Act*, *Name Act* and Part II of the *Wills Act* in regard to the registration of vital events, issuance of marriage licences, appointment of Marriage Commissioners, registration of changes of name and other services to the public. The division also maintains a voluntary Adoption Reunion Registry under the *Adoption Act*. These activities are carried out through offices in Victoria and Vancouver and through a regional network of District Registrars, Marriage Commissioners and issuers of marriage licences.

Parks, Recreation and Sport

The ministries responsible for environment and parks represent provincial interests in the management and allocation of the province's parks and outdoor recreation resources. They administer policies for the safe and responsible use of these resources, including regulations governing river rafting, boating restrictions and all terrain vehicles.

Under the *Park Act*, the provincial government administers a provincial park system comprising 377 parks and recreation areas of more than 5.4 million hectares.

The Recreation and Sport Branch of the Ministry of Municipal Affairs, Recreation and Culture provides financial assistance to promote physical fitness and participation in amateur sports. In 1987/88, the branch distributed $9 million in grants from the Physical Fitness and Amateur Sports Fund Special Account and the Lottery Fund Special Account.

Cultural Services

In 1987/88, the Cultural Services Branch of the Ministry of Municipal Affairs, Recreation and Culture distributed nearly $8 million in grants from the British Columbia Cultural Fund Special Account and the Lottery Fund Special Account to cultural organizations throughout the province.

Library Services

In 1987/88, the Library Services Branch of the Ministry of Municipal Affairs, Recreation and Culture provided grants totalling approximately $7 million to municipal and regional public libraries, public library associations, reading centres and other library groups.

British Columbia Heritage Trust

The British Columbia Heritage Trust was established in 1977 by the Heritage Conservation Act. In 1987/88, nearly $2 million was awarded from the Trust Fund to assist 121 projects.

Ombudsman

The *Ombudsman Act* provides for an independent officer of the Legislative Assembly to investigate complaints about provincial government ministries and certain other government agencies. Expenditures by the Office of the Ombudsman were over $2 million during 1987/88.

Native Affairs Secretariat

The Native Affairs Secretariat develops and coordinates government policies and work relating to native issues. In addition to maintaining liaison with Indian groups, local communities and the federal government, the Native Affairs Secretariat administers the First Citizens' Fund Special Account which provides grants and loans for the cultural, educational and economic benefit of Native Indians. Expenditure of the special account in 1987/88 was nearly $2 million.

6

INDUSTRY AND INDUSTRIAL DEVELOPMENT

6. Industry and Industrial Development

Introduction

British Columbia's abundant and diverse natural resources continue to provide the economic base for the province. (See Appendix 6.1 for details of British Columbia geography, geology and climate). Further development of the economy is dependent on the management of these natural resources and on existing and future capital investment by the province's goods-producing and service industries. Government investments in education, job training and other programs add further support to economic development.

Infrastructure

British Columbia's natural resources have been developed with the aid of extensive investment in communications and transportation services, university and technical education, and apprenticeship and job training programs. The government also provides essential services to businesses through functions such as securities regulation, land title recording and a spectrum of inspection services. (See Chapter 5 for details.)

Communications

As of March 31, 1988, British Columbia had 102 originating radio stations. Of these stations 79 were private with the remaining 23 operated by the Canadian Broadcasting Corporation (CBC), a federal Crown corporation. There were 11 originating television stations, with seven CBC stations and four private stations. During 1987 cable television was available to over 80 per cent of homes in British Columbia, the Yukon and the Northwest Territories, with approximately 1.1 million households subscribing. Many communities in remote areas receive television signals via satellite. The provincial government encourages this by providing grants for part of the cost of satellite receiving dishes and other equipment. Through this eight-year-old program, 79,000 households in 273 communities have gained access to educational and basic television services at a cost to the provincial government of approximately $3 million.

As of June 1988 there were approximately 1.7 million telephone network access service lines in British Columbia. Telephone service is provided primarily by the British Columbia Telephone Company, with regional service provided by the City of Prince Rupert Telephone Company and NorthwestTel Inc. The telecommunications field is regulated by the Canadian Radio-Television and Telecommunications Commission.

Transportation

The Ministry of Transportation and Highways administers 47,024 kilometres of provincial roads and rights-of-way of which 22,213 kilometres are paved and 23,630 kilometres are gravelled.

Table 6.1 provides information on provincial highway construction during 1987/88.

Table 6.1

Provincial Highway Construction

Fiscal Year Ended March 31	1987	1988
	(kilometres)	
Construction		
Four-lane	162	**40**
Two-lane	3	**41**
Total	165	**81**
Paving		
New	1,115	**371**
Sealcoat (maintenance)	642	**1,080**
	(number)	
Bridges and major highway structures	35	**18**
	($ millions)	
Highway and bridge expenditure		
Capital	595.7	**391.0**
Maintenance	270.9	**280.4**
Total	866.6	**671.4**

In September of 1987, Phase II of the Coquihalla Highway was opened. The completion of this phase reduced the driving distance from the Lower Mainland to Kamloops by 80 kilometres. Work is continuing on Phase III of the Coquihalla, between Merritt and Peachland in the Okanagan Valley.

During 1987/88, work was started on three projects which are part of a three-year agreement between the provincial and federal governments for the funding of improvements to the Yellowhead Highway. The projects are located near Terrace and Kamloops.

Work is also continuing on the East/West Freeway in Richmond. Once completed in 1989, it will link Richmond to the Annacis Freeway, which has been in operation since September 1986.

During the 1987 licence year, approximately 1.6 million passenger vehicle licences and 586,000 commercial licences were issued in the province.

Railways

The province has approximately 7,500 kilometres of mainline track, operated by British Columbia Railway, Canadian National Railway, Canadian Pacific Railway and other railways. All three major railways in the province are involved in extensive freight hauling operations.

British Columbia Railway provides passenger service from North Vancouver to Prince George. VIA Rail provides passenger services on Canadian National Railway lines, from Vancouver to Edmonton and from Prince Rupert to Edmonton; on Canadian Pacific Railway's transcontinental line, from Vancouver to Calgary; and on Canadian Pacific Railway's Esquimalt and Nanaimo railway line, from Victoria to Courtenay.

British Columbia Hydro Rail, a division of British Columbia Hydro and Power Authority, operated a freight service in the Lower Mainland and the Fraser Valley during 1987. On July 27, 1988, the sale of these rail operations to Itel Rail Corporation of San Francisco was announced. In addition, Canadian Pacific Railway purchased running rights over 12 kilometres of right-of-way in the Fraser Valley.

Burlington Northern Railway operates between Vancouver and Seattle and to several interior border communities. Canadian Pacific Railway operates a railcar barge service to Vancouver Island, and Canadian National Railway operates the Aqua-train service from Prince Rupert to Whittier, Alaska.

Canadian National Railway spent nearly $80 million in British Columbia in 1987 on upgrading. Over $43 million was spent to renew portions of the Southline between Jasper and Vancouver and over $28 million was spent on upgrading the Northline between Jasper and Prince Rupert. Installation of a fibre-optics communications system, intermediate signalling system, yard expansion and other miscellaneous projects accounted for the remaining expenditure.

Canadian Pacific Railway spent $80 million in British Columbia during 1987 on the Rogers Pass tunnel project and associated double tracking. Additional expenditures were made for installation of hot box detectors, a high technology communications network, and the $51 million Golden coal car repair shop which was completed and opened in October 1987.

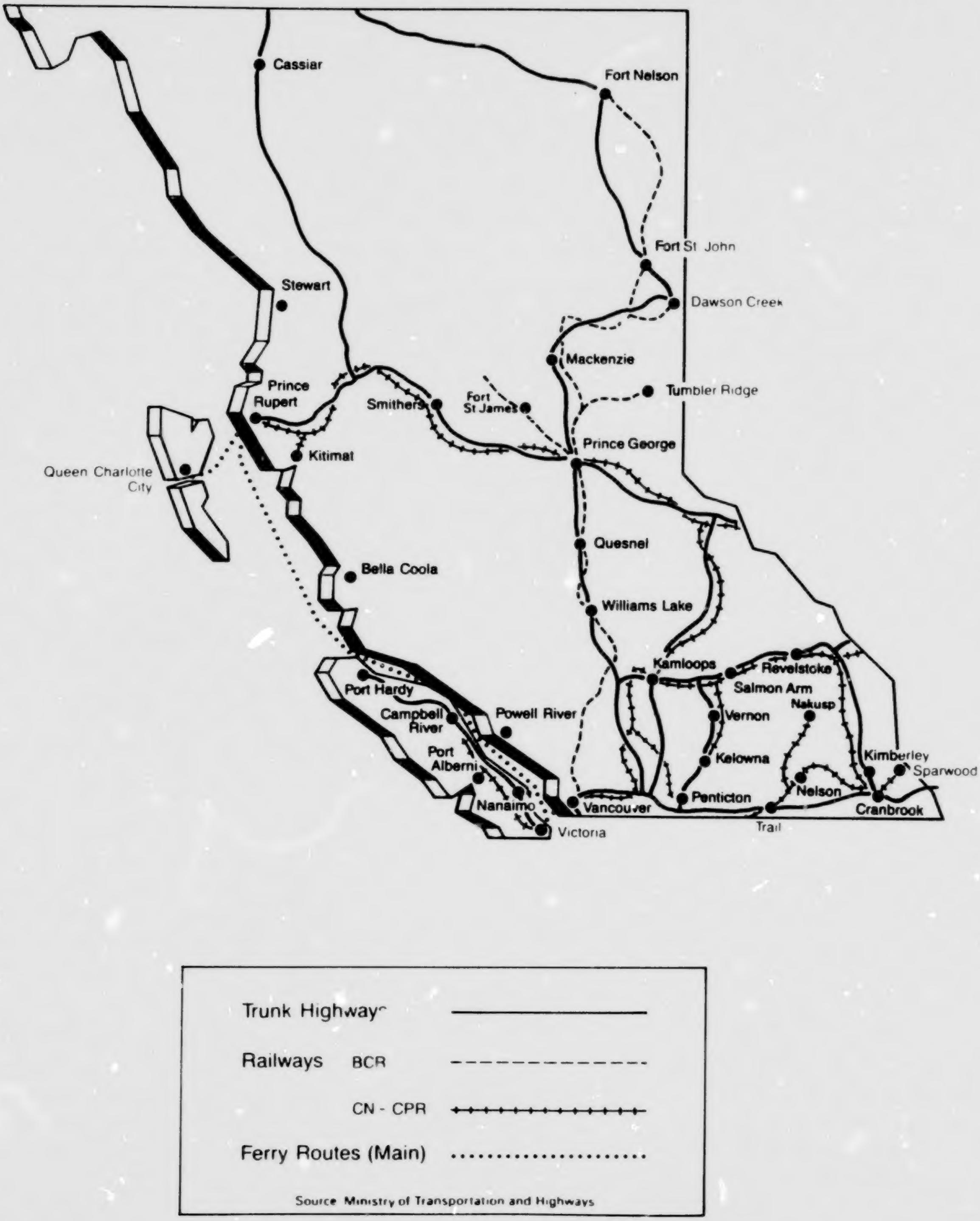
For information on British Columbia Railway and British Columbia Hydro Rail, see Chapter 4, Crown Corporations and Agencies.

Deep Sea Shipping

The Port of Vancouver is British Columbia's major seaport, with additional year-round deep-sea ports at Prince Rupert, New Westminster, Victoria, Nanaimo, Port Alberni, Campbell River and Powell River.

Vessels arriving at British Columbia ports from other countries numbered 11,035 in 1987. Total tonnage increased by 3.9 per cent to 86.5 million tonnes. Approximately 6.7 million tonnes of cargo were unloaded and 79.8 million tonnes of cargo were loaded for foreign destinations.

Map 6.1 Provincial Transportation Network


Cassiar
Fort Nelson
Fort St John
Dawson Creek
Stewart
Mackenzie
Tumbler Ridge
Prince Rupert
Smithers
Fort St James
Prince George
Kitimat
Queen Charlotte City
Quesnel
Bella Coola
Williams Lake
Kamloops
Revelstoke
Salmon Arm
Port Hardy
Campbell River
Powell River
Vernon
Nakusp
Port Alberni
Kelowna
Kimberley
Sparwood
Nelson
Nanaimo
Vancouver
Penticton
Cranbrook
Trail
Victoria
Trunk Highways
Railways BCR
CN - CPR
Ferry Routes (Main)

Source Ministry of Transportation and Highways

Coal and coke remained the leading tonnage export commodity for the Port of Vancouver in 1987. Coal exports, including shipments through Roberts Bank, were 18.7 million tonnes. Grain exports accounted for approximately 12.9 million tonnes, while lumber and pulp shipments reached 4.5 million tonnes. Container traffic increased 20 per cent to 2.4 million tonnes.

Cargo shipped through the Port of Prince Rupert in 1987 reached 13.4 million tonnes, an increase of 30 per cent from 1986. Coal accounted for 6.4 million tonnes, down from 6.7 million tonnes in 1986. Grain shipments increased to 4.8 million tonnes in 1987 from 1.9 million tonnes in 1986. Lumber shipments increased 34 per cent to 757,000 tonnes in 1987.

Coastal Shipping

Tug and barge services connect major centres with small communities on Vancouver Island, the Gulf Islands, the mainland coast and the Queen Charlotte Islands. Small coastal vessels provide a mix of passenger and package freight service.

British Columbia ports handled an estimated 46.4 million tonnes of domestic shipping in 1987, an increase of 17.5 per cent from 1986.

Ferry Service

The British Columbia Ferry Corporation provides drive-on/drive-off freight and passenger service on its major routes. The British Columbia Steamship Company (1975) Ltd. provides passenger services between Victoria and Seattle during the summer season. On July 14, 1988, agreement in principle was announced for the sale of all operating assets of British Columbia Steamship Company to the Stena Line of Gothenburg, Sweden.

For information on the British Columbia Ferry Corporation and the British Columbia Steamship Company (1975) Ltd., see Chapter 4, Crown Corporations and Agencies.

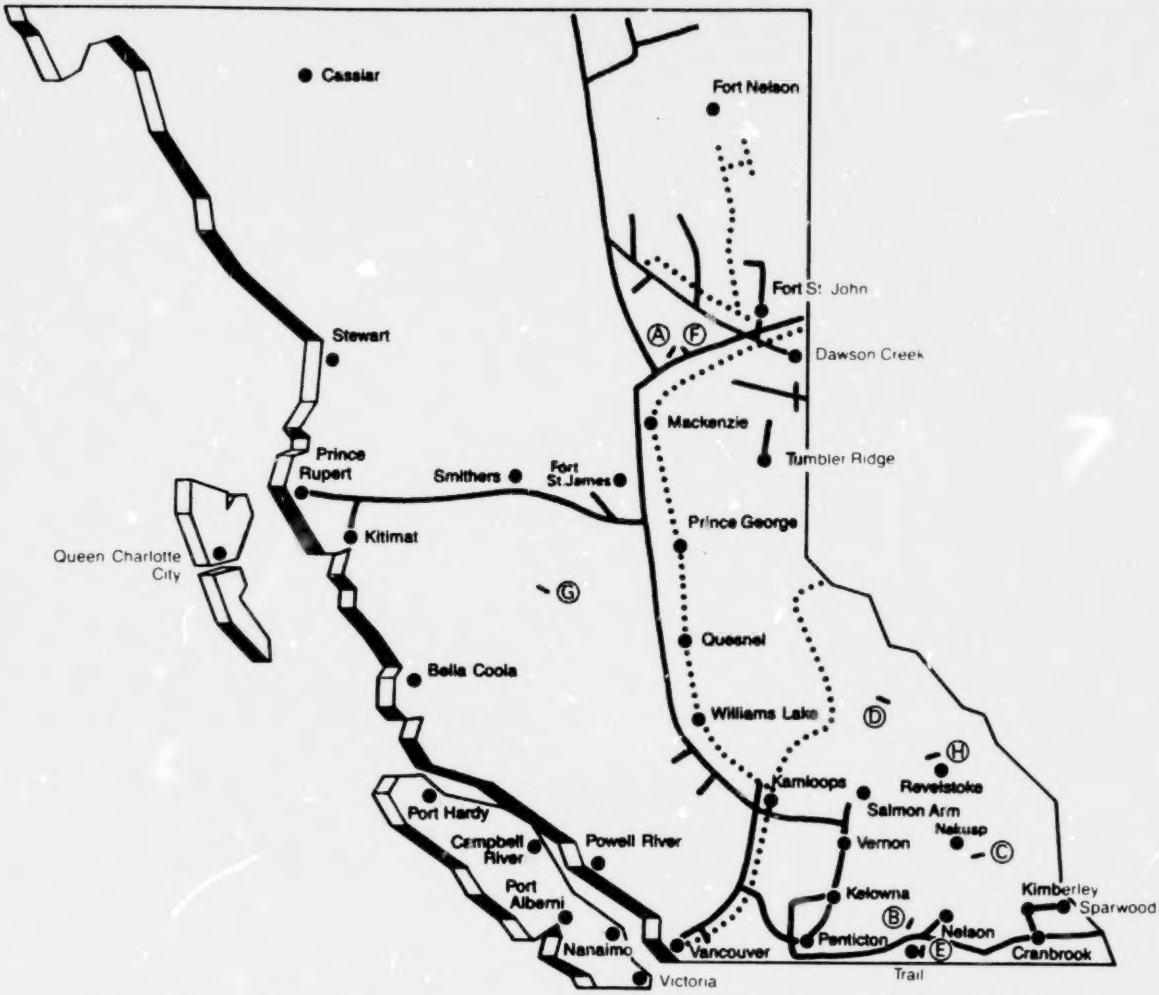
The Ministry of Transportation and Highways currently provides service on 17 freshwater routes (comprising lake and river crossings). In 1987/88 these ferries carried 5.7 million passengers and three million vehicles.

Air Transport

There are approximately 110 licensed air carriers based in British Columbia providing scheduled and charter services to domestic and foreign destinations. Facilities in the province include more than 200 land-based airports, over 60 water-based facilities and approximately 20 heliports. Activity at the province's largest airport, the Vancouver International Airport, is detailed in Table 6.2.

The provincial Air Transport Assistance Program was established in 1977 to assist the development of community airports and regional air services in British Columbia. By March 31, 1988, the program had provided 210 grants totalling $28 million to 74 communities.

Map 6.2 Provincial Pipeline Network and Major Hydroelectric Dams


Cassiar
Fort Nelson
Fort St. John
Dawson Creek
Stewart
Mackenzie
Tumbler Ridge
Prince Rupert
Smithers
Fort St. James
Kitimat
Prince George
Queen Charlotte City
G
Quesnel
Bella Coola
Williams Lake
D
H
Revelstoke
Kamloops
Salmon Arm
Port Hardy
Campbell River
Powell River
Vernon
Nakusp
C
Port Alberni
Kelowna
B
Kimberley
Sparwood
Nelson
Nanaimo
Vancouver
Penticton
E
Cranbrook
Trail
Victoria
A
F

Operating Pipelines	
PETROLEUM	················
NATURAL GAS	————

	Dams	Rivers	Lakes/Reservoirs
A	W.A.C. Bennett	Peace	Williston
B	Hugh Keenleyside	Columbia	Arrow
C	Duncan	Kootenay	Duncan
D	Mica	Columbia	Kinbasket
E	Seven Mile	Pend d'Oreille	Seven Mile
F	Peace Canyon	Peace	Dinosaur
G	Kenney	Nechako	Nechako
H	Revelstoke	Columbia	Revelstoke

Table 6.2

Activity at Vancouver International Airport

	Totals In Out	1986	**1987**[1]	Change 1986 1987
				(per cent)
Passengers	(thousands)	8,395	**8,023**	4.4
Airmail and air cargo	(tonnes)	118,614	**115,101**	3.0
Aircraft movements	(thousands)	347	**342**	1.4

[1] Preliminary estimates
Source Transport Canada

Pipelines

In British Columbia there are approximately 3,945 kilometres of crude oil transmission and gathering lines, 4,565 kilometres of natural gas transmission lines and 7,065 kilometres of natural gas flow, gathering and trunk lines. (See Map 6.2).

Oil and gas distribution lines in British Columbia come under provincial, as well as National Energy Board jurisdiction.

Human Resources

The most important element in British Columbia's economic development is its well-educated and highly-skilled population.

Age Distribution

In British Columbia, as in the rest of Canada, the average age of the population has risen steadily over the last two decades. This is reflected in both the age distribution of the entire population and of the labour force.

In 1977, 26.1 per cent of the labour force was in the 15 to 24 age group compared with only 20.6 per cent in 1987. (See Table 6.3.) Population forecasts show that the size of the 15 to 24 age group will decline further relative to the older age groups over the next 15 years. This reflects the aging of the baby boom generation and a decline in fertility rates in the 1960s and 1970s. The increasing age of the labour force implies increasing experience and skill levels.

Another widely noted factor in labour force growth in recent years has been the increase in the number of women in the job market. Over the last 20 years the female participation rate (the percentage of women of labour force age who are in the labour force) in British Columbia has risen from 36.3 per cent to 55.3 per cent and is expected to increase further. Male participation rates decreased from 78.8 per cent to 76.1 per cent over the same period, while the overall participation rate increased from 57.5 per cent to 65.5 per cent. In some respects, the rapid growth of the service sector in the province can be attributed to the availability of a flexible and skilled female work force.

Table 6.3

British Columbia Labour Force by Age

Age Group	1977		1987	
	(000)	(per cent)	**(000)**	**(per cent)**
15–19	129	11.2	**120**	**8.1**
20–24	171	14.9	**186**	**12.5**
25–44	522	45.5	**787**	**53.0**
45–64	308	26.8	**372**	**25.1**
65 and over	18	1.6	**19**	**1.3**
Total	1,148	100.0	**1,484**	**100.0**

Source: Statistics Canada

Educational Attainment of Labour Force

The key to developing a skilled work force is education, whether it takes place in institutions or through job-training. In 1987, 40.6 per cent of the labour force had attended a post-secondary educational institution compared to 34.8 per cent in 1977. (See Table 6.4).

Table 6.4

British Columbia Labour Force by Level of Education

Level of Education	1977		1987	
	(000)	(per cent)	**(000)**	**(per cent)**
0–8 years	124	10.8	**95**	**6.4**
Some high school	625	54.4	**787**	**53.0**
Some post secondary	149	13.0	**190**	**12.8**
Post-secondary, Certificate or Diploma	130	11.3	**207**	**14.0**
University Degree	120	10.5	**205**	**13.8**
Total	1,148	100.0	**1,484**	**100.0**

Source: Statistics Canada

Economic Structure

The British Columbia economy has always been heavily dependent on the extraction and processing of natural resources. Industries such as forest products and mining have provided a solid foundation for employment and income in the province.

While the goods-producing industries account for a relatively small share of provincial output and employment, they provide the foundation for economic growth. For example, the current economic expansion in the province is due largely to rapid growth in business capital investment. This, in turn, can be traced to strong export markets for the province's major commodity exports.

The service sector accounts for over two-thirds of provincial output and employment and has been growing in size over time. However, this overstates its significance to the provincial economy as many service industries depend, directly or indirectly, on activity in the goods-producing industries. For example, knowledge and expertise developed in the resource industries is being sold in the form of engineering and other consulting services. Demand for such "producer" services depends on conditions in resource markets in British Columbia or abroad. Increasingly, however, some areas such as financial services have been able to expand, regardless of conditions in the province's resource industries.

"Consumer" service industries, such as wholesale and retail trade, real estate and personal service businesses, depend mainly on local markets while tourism is not only affected by local conditions but also by economic conditions abroad and exchange rate developments.

In addition to a growing service sector, economic diversification is occurring through the development of new industries such as electronics, aquaculture, marine engineering and film production. The electronics industry is the largest of the new industries, employing about 7,000 people in 1987 with estimated annual sales in the $750 million range. The industry produces hardware for a wide range of applications for specialized markets in resource industries and in areas such as remote communications. Along with software development in the service sector, this is an example of a new industry whose prospects are not tied to those of the province's traditional industries.

Sectoral Output

In 1987, goods-producing industries accounted for 34.3 per cent of gross domestic product (GDP), compared to 37.7 per cent in 1977. (See Table 6.5). The strong performance of the forest products industries in 1987, and its indirect effect on construction, caused an increase in the goods-producing industries' share of GDP from 31.8 per cent in 1986.

- Primary forestry increased from 3.0 per cent of GDP in 1986 to 3.8 per cent in 1987.
- Total manufacturing increased to 16.4 per cent in 1987 from 14.3 per cent in 1986.
- Construction rose to 6.7 per cent of GDP from 6.0 per cent in 1986.

Service industries accounted for 65.7 per cent of GDP in 1987, up from 62.3 per cent in 1977.

- Community, business and personal services was the largest component of service industry output, accounting for 20.7 per cent of total provincial GDP.
- Finance, insurance and real estate services, accounted for 15.5 per cent of provincial output in 1987.
- Wholesale and retail trade accounted for 14.0 per cent of GDP.

Table 6.5

Gross Domestic Product[1]

Sector	1977	Per Cent of Total	1987^P	Per Cent of Total
	($ millions)		**($ millions)**	
Agriculture	290	1.3	**670**	**1.2**
Forestry	771	3.4	**2,041**	**3.8**
Fishing and trapping	117	0.5	**245**	**0.4**
Mining	855	3.7	**1,701**	**3.1**
Manufacturing	3,929	17.2	**8,922**	**16.4**
Construction	2,030	8.9	**3,613**	**6.7**
Utilities	611	2.7	**1,452**	**2.7**
Total goods	8,603	37.7	**18,644**	**34.3**
Transportation, communications and storage	2,312	10.1	**5,084**	**9.4**
Wholesale and retail trade	2,777	12.2	**7,604**	**14.0**
Finance, insurance and real estate	3,206	14.1	**8,417**	**15.5**
Community, business and personal services	4,431	19.4	**11,234**	**20.7**
Public administration and defence	1,480	6.5	**3,296**	**6.1**
Total services	14,206	62.3	**35,635**	**65.7**
Gross domestic product	22,809	100.0	**54,279**	**100.0**

P Preliminary

[1] GDP is shown at factor cost which is less than GDP at market prices by the amount of indirect taxes less subsidies.

Source: Statistics Canada and Central Statistics Bureau. For estimates of real GDP by industry, see Conference Board of Canada data presented in Appendix Table 1.3.

Sectoral Employment

British Columbia's sectoral employment reflects the shares of various sectors in gross domestic product. Service industries accounted for 76.0 per cent of total provincial employment in 1987, up from 70.1 per cent in 1977. Goods-producing industries provided the remaining 24.0 per cent of employment in 1987.

Among the service industries, community, business and personal services represented 35.4 per cent of total employment in 1987. Wholesale and retail trade accounted for 18.8 per cent of employment.

Manufacturing was the third largest employer, accounting for 12.0 per cent of employment in 1987, down from 16.2 per cent in 1977. Transportation, communications and storage was the next largest employer with 8.3 per cent of employment, while primary industries such as agriculture, fishing and trapping, forestry and mining accounted for 6.4 per cent of total employment.

Forest Products Industry

British Columbia's forest lands support more than eight billion cubic metres of mature timber. More than 97 per cent is coniferous (softwood) and British Columbia has approximately one-half of Canada's softwood inventory. The major coastal species is hemlock and the major interior species are spruce and lodgepole pine. (See Appendix Table 6.2.)

The provincial government owns more than 90 per cent of the province's forest land. For management purposes, the forest resource is divided into sustained yield units known as timber supply areas and tree farm licences. Timber harvesting in these units is delegated to private operators under a variety of licensing agreements. Forest management responsibilities in timber supply areas are shared between the Ministry of Forests and private operators, while in tree farm licences they are the sole responsibility of private operators.

The forest industry is the most important sector of the provincial economy. In 1987, the industry accounted for almost 50 per cent of the value of shipments by British Columbia manufacturing industries (See Appendix Table 6.9) and 59 per cent of the province's exports.

In 1987, the British Columbia timber harvest was 90.6 million cubic metres, up 16.9 per cent from 1986. (See Table 6.6.) Coast forest regions provided 37 per cent of the harvest, while 63 per cent was harvested from interior forest regions.

Table 6.6

Economic Indicators of Activity in the Forest Sector

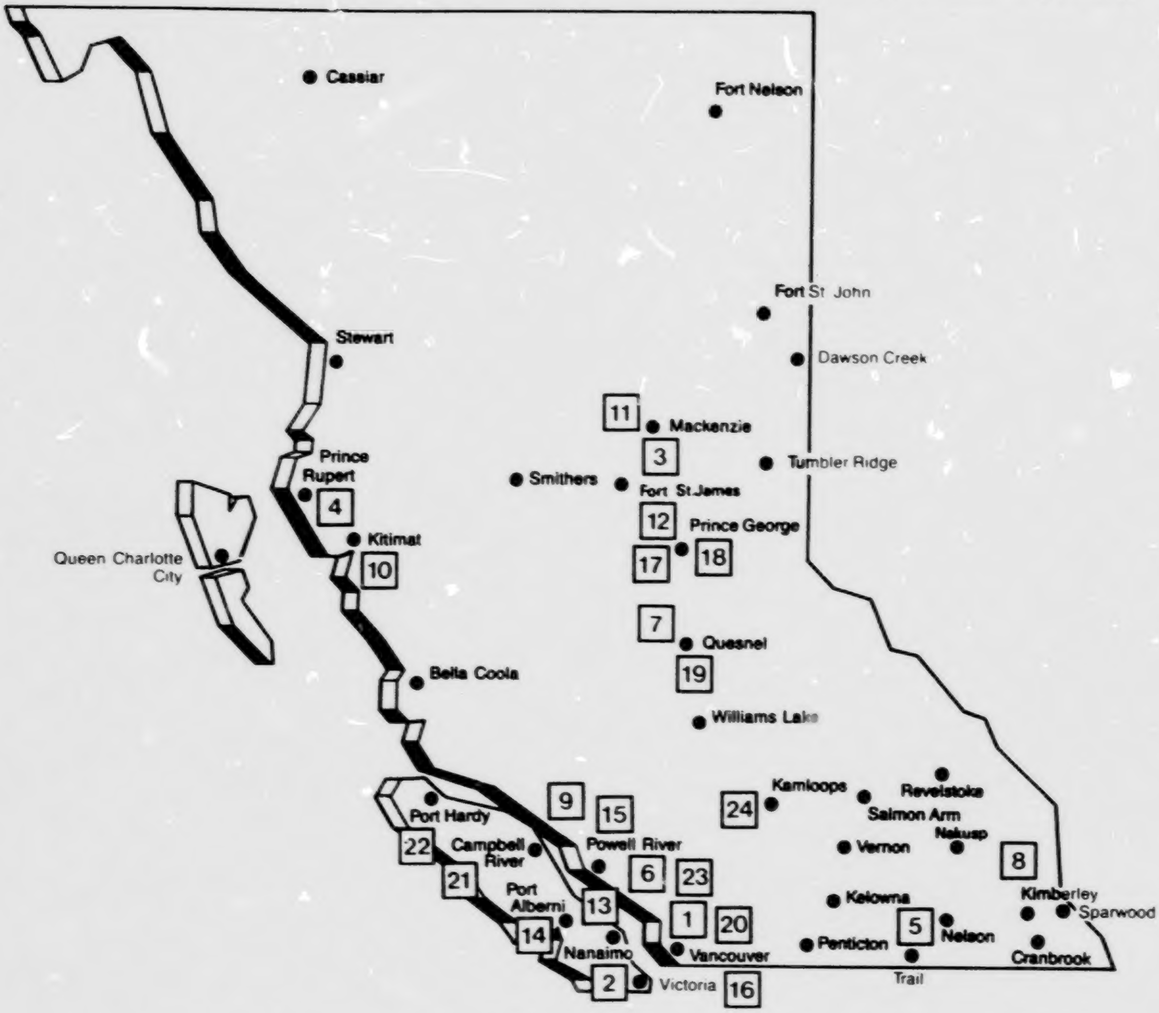
Indicator	1977	1982	1986	**1987**	Change[1] 1986–1987
			(millions of m^3)		(per cent)
Production					
1 Timber scaled	70.0	56.2	77.5	**90.6**	16.9
2 Lumber production	28.4	23.9	31.5	**37.5**	19.0
3 Plywood production	2.1	1.4	1.5	**1.9**	23.7
			(millions of tonnes)		
4 Pulp production	4.9	4.8	6.4	**7.1**	10.9
5 Newsprint, paper and paperboard production	2.0	1.9	2.6	**2.8**	6.0
Exports of Forest Products to Major Countries			($ millions)		
6 United States	2,351.7	2,241.6	4,040.7	**4,788.0**	18.5
7 Japan	365.4	803.3	1,128.2	**1,769.4**	56.8
8 United Kingdom	251.7	293.8	340.9	**486.7**	42.8
9 Other	831.1	1,264.9	1,558.6	**2,244.1**	44.0
10 Total	3,799.9	4,603.6	7,068.4	**9,288.2**	31.4
Industrial Product Price Indices (1981 = 100)					
11 Softwood lumber — British Columbia	n a	97.5	127.4	**126.8**	0.5
12 Douglas fir plywood	n a	90.3	112.8	**107.9**	4.3
13 Bleached sulphate pulp for export	n a	93.6	98.2	**122.4**	24.6
14 Newsprint for export	n a	104.7	123.0	**129.2**	5.0

[1] Percentage change based on unrounded numbers

Sources

1 Ministry of Forests
2, 3 and 11–14 Statistics Canada
4, 5 Statistics Canada, Canadian Pulp and Paper Association and Ministry of Forests
6–10 Central Statistics Bureau, estimated from Statistics Canada data

Map 6.3 Pulp and Paper Mills (1987)


Cassiar
Fort Nelson
Fort St John
Stewart
Dawson Creek
11
Mackenzie
Prince Rupert
3
Tumbler Ridge
Smithers
Fort St.James
4
Kitimat
12
Prince George
Queen Charlotte City
10
17
18
7
Quesnel
19
Bella Coola
Williams Lake
Kamloops
Revelstoke
9
15
24
Salmon Arm
Port Hardy
Nakusp
Powell River
Campbell River
22
Vernon
8
6
23
21
Port Alberni
Kelowna
Kimberley
13
Sparwood
1
20
5
Nelson
14
Nanaimo
Vancouver
Penticton
Cranbrook
2
Victoria
16
Trail

	Company	Location	Estimated Annual Capacity ('000 tonnes)* Pulp	Paper
1	Paperboard Industries Corp	Burnaby	—	145
2	British Columbia Forest Products Ltd	Crofton	730	450
3	British Columbia Forest Products Ltd	Mackenzie	190	—
4	Skeena Cellulose Inc.	Prince Rupert	425	—
5	Celgar Pulp Co	Castlegar	190	—
6	Canadian Forest Products Ltd	Port Mellon	224	—
7	Cariboo Pulp and Paper Ltd	Quesnel	280	—
8	Crestbrook Forest Industries Ltd	Skookumchuk	207	—
9	Crown Forest Industries Ltd	Duncan Bay	735	549
10	Eurocan Pulp and Paper Ltd	Kitimat	359	359
11	Finlay Forest Industries Ltd	Mackenzie	138	—
12	Intercontinental Pulp Co. Ltd	Prince George	233	—
13	MacMillan Bloedel Ltd	Harmac	360	—
14	MacMillan Bloedel Ltd	Port Alberni	436	362
15	MacMillan Bloedel Ltd	Powell River	651	601
16	Island Paper Mills Ltd	Annacis Island	—	145
17	Northwood Pulp and Timber Ltd	Prince George	500	—
18	Prince George Pulp and Paper Ltd	Prince George	278	104
19	Quesnel River Pulp Co. Ltd	Quesnel	185	—
20	Scott Paper Ltd	New Westminster	28	80
21	CIP Inc	Gold River	240	—
22	Western Pulp Ltd	Port Alice	150	—
23	Western Pulp Ltd	Squamish	216	—
24	Weyerhauser Canada Ltd	Kamloops	414	—
			7,169	2,795

*As at December 1987

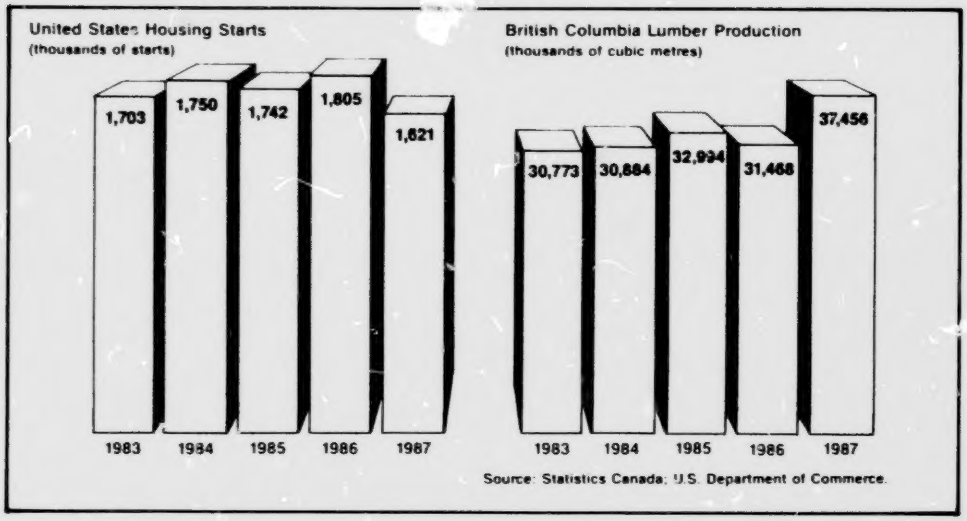
For integrated mills, pulp capacity includes pulp which is used internally to produce paper and to produce market pulp (if any) which is shipped from the mill site

Lumber

Lumber production in British Columbia in 1987 was 37.5 million cubic metres, an increase of 19.0 per cent from 1986. (See Chart 6.1.) Interior sawmills produced 26.5 million cubic metres of lumber, up 17.0 per cent from 1986. The coastal industry produced 11.0 million cubic metres, up 24.5 per cent from 1986.

British Columbia lumber shipments to the United States increased 18 per cent in 1987. Despite slightly lower U.S. housing starts, lumber prices and demand were maintained throughout most of the year, reflecting the strength of the industrial, renovation and repair sector of the building industry.

Chart 6.1 United States Private Housing Starts and British Columbia Lumber Production



Source: Statistics Canada; U.S. Department of Commerce.

Plywood

Approximately 80 per cent of British Columbia plywood production is used within Canada. In 1987 provincial plywood production was 1.9 million cubic metres, an increase of 23.7 per cent from 1986. Demand for panel products was supported by stronger levels of housing starts in the domestic market, particularly in Ontario and Quebec.

Pulp and Paper

British Columbia pulp production was 7.1 million tonnes in 1987, 10.9 per cent more than the previous year. Between the first quarter of 1987 and the first quarter of 1988 pulp prices, quoted in U.S. dollars, rose by 19 per cent in the United States and 24 per cent in Europe, reflecting continuing strong worldwide demand. At the same time, the impact of the price increase on overseas buyers was lessened by the continuing fall in the relative value of the United States dollar.

Newsprint, paper and paperboard production in 1987 increased 6 per cent to 2.8 million tonnes. Provincial newsprint production increased 5.9 per cent to 1.6 million tonnes. Continuing strength in world economies, higher consumption levels and slower growth of newsprint capacity helped increase prices.

Forest Programs

The programs of the Ministry of Forests are designed to manage and protect the forest and range resources of the Crown.

In the fall of 1987, the provincial government announced major changes in provincial forest policy to create a positive environment for investment in the forest industry and to ensure a fair economic return to the province from British Columbia's major public resource. The policy included:

- increased provincial stumpage charges;
- transfer of responsibility for logging roads and reforestation to industry;
- improved tenure security for industry; and,
- increased wood volumes available for competition on the open market and for smaller operators. (See Topic Box.)

Harvesting

The Harvesting Program allocates timber to the forest industry in a manner consistent with ministry planning objectives. Harvesting programs include harvest level planning, road access, management of timber tenures and cutting permits, scaling and valuation services and harvesting research.

The cost of major access roads in major licence areas, formerly paid by government through credits to stumpage charges, has been shifted to industry as of October 1987. In 1987/88, the provincial government spent $36 million for the construction of access roads.

Silviculture

The Silviculture Program restocks denuded Crown forest land with commercially valuable trees and improves the value and productivity of the provincial forest resource. The program guides and monitors all provincial silviculture activities. During 1987/88, $238 million was spent on silviculture as outlined in Table 6.7.

Table 6.7

Silviculture Funding in British Columbia
1983/84 to 1987/88

	Ministry Operations Vote[1]	Section 88[2]	Small Business Enterprise Account	Forest Resource Development Agreement[3]	Forest Stand Management Fund	Total	Percentage Change
	$ millions						
1983/84	45.9	42.1	—	—	—	88.0	—
1984/85	62.3	48.4	—	—	—	110.7	25.8
1985/86	57.6	50.1	3.3	25.4	—	136.4	23.2
1986/87	56.2	65.7	7.0	38.8	15.4[4]	183.1	34.2
1987/88	65.6	82.9	9.1	66.1	14.3	238.0	30.0

---

[1] Includes total expenditure under the Canada-British Columbia Intensive Forest Management Agreement (50/50 cost-shared) in 1983/84 and 1984/85.

[2] Stumpage offsets under section 88 of the *Forest Act* are credits against stumpage levies payable to the government by forest companies. Companies can earn credits by undertaking specific silviculture or engineering activities. Effective April 1, 1988, no further claims are permitted under this section.

[3] Includes federal funding under the Agreement.

[4] Includes funding of $3.0 million from the Ministry of Advanced Education and Job Training for the Forest JobTrac Program.

SMALL BUSINESS FOREST ENTERPRISE PROGRAM

Introduction

Small business firms in the forest industry have been an important factor in the economic development of the province and will continue as a vital component of economic expansion into the future.

The government's commitment to ensuring that small business plays an expanded role in the forest sector is detailed in recent legislative changes which outline a new policy for the Small Business Forest Enterprise Program (SBFEP).

The SBFEP has three principal objectives.

New Opportunities: Through competitive timber sales, the program provides an opportunity for individuals and firms to enter the forest industry and establish new businesses.

Diversification and Employment: Timber will be sold to promote and stimulate the production of specialty and higher-valued forest products. Sales, to encourage value-added uses of timber, are expected to lead to further diversification of the forest industry and increased regional employment.

Competition and Profit: The marketing of timber through a competitive process ensures that the most efficient firms are awarded timber sales and the province receives a fair rate of return for the forest resource.

Recent Policy Changes

A key element of the new forest policy is the increase in the amount of wood sold through the Small Business Forest Enterprise Program.

Earlier this year the British Columbia Legislature approved amendments to the *Forest Act* which permit the expansion of timber sales under the SBFEP. The amendments reflect the principle that a greater proportion of the province's allowable annual cut (AAC) be sold on a competitive basis. In order to increase the AAC sold on a competitive basis, the new legislation provides for the transfer of AAC to the SBFEP through:

- a five per cent recovery of the AAC from major forest licensees (2.5 per cent of the AAC was recovered effective January 1, 1988 and 2.5 per cent will be recovered January 1, 1989); and
- a five per cent reduction of AAC upon sale, transfer or assignment of licence interests.

As a result, the amount of timber sold under the SBFEP is expected to double from 7 per cent to approximately 15 per cent of the provincial harvest by the end of 1988/89.

The legislation provides for timber to be sold under the SBFEP in three ways.

- *Competitive sales* are awarded through sealed tender or oral auction to the individual who offers the highest bonus bid.
- *Bid proposals* (a new form of sale under the program), received in response to advertisements by the Ministry of Forests, will be evaluated and the sale awarded to the individual or firm who presents the best proposal for secondary or tertiary manufacturing involving products such as remanufactured lumber, doors, windows or furniture.
- *Other sales* may be made under the program where the volume of timber is very small, for experimental purposes, or for the purpose replacing timber sale licences where the holder has replaceable rights.

Program Management

The SBFEP is managed by the Ministry of Forests on a for-profit basis. Under the program, the Ministry assumes responsibility for the construction of logging roads and bridges, silviculture and other forest management requirements that are incidental to operations that yield small business revenue.

A Small Business Forest Enterprise Account receives all revenues and is the source of funding for all program expenditures. Revenue in excess of funds required for current expenditures and future silviculture obligations is returned on an annual basis to the province's General Fund.

An annual business plan outlines the program's revenue goals and expenditure limits. Program performance is monitored through quarterly reports submitted to Treasury Board.

Policy changes announced in the fall of 1987 have shifted financial responsibility for substantial parts of the program to the private sector. Overall silviculture expenditure is expected to expand, with industry providing an increasing share. Once the ministry has completed its obligation on past harvests, its silviculture expenditures will be significantly reduced.

Forest Protection and Fire Suppression

The Forest Protection Program reduces damage to the forest and range resources by wildfire, insects and diseases. Other concerns are the protection of life and property, the preservation of other natural resource values and the use of prescribed fires for hazard abatement, silviculture treatments and wildlife management. Expenditure in 1987 88 was approximately $30 million.

The Fire Suppression Program provides fire fighting services for the control of wildfires. The program is linked closely to and supported by the Forest Protection Program, but is managed and funded separately. There were 3,477 fires which burned 34,993 hectares of land in 1987 88. These totals were up 58 per cent and 103 per cent, respectively, from the previous year. Fire suppression expenditure in 1987 88 was $70 million compared to $46 million in 1986 87.

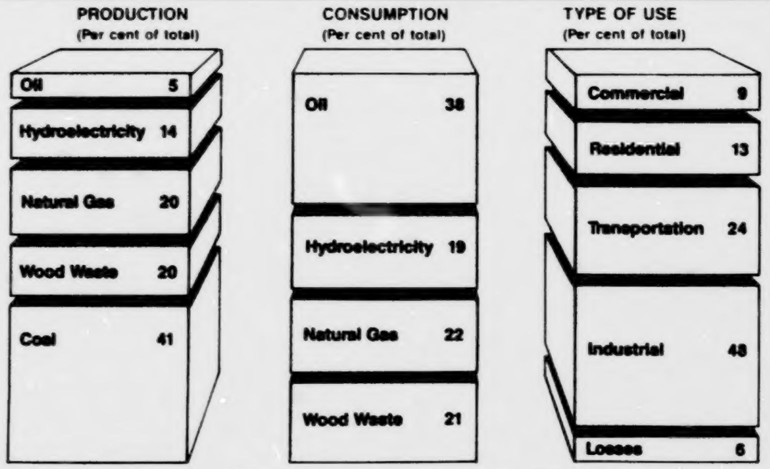
Forest Resource Development Agreement

During 1987 88, the third year of the federal-provincial Forest Resource Development Subsidiary Agreement, $66 million was spent on reforestation and intensive pest management. This amount included the costs of growing seedlings, site rehabilitation and planting, post-planting and other silviculture activities. The five year agreement will provide $300 million, shared equally between the federal and provincial governments.

Minerals and Energy

British Columbia has a diverse and abundant mineral and energy resource base and is self-sufficient is all energy sources except oil. Three-quarters of British Columbia oil is imported, mainly from Alberta, but these imports are more than offset by large exports of coal, natural gas and electricity, making British Columbia a net exporter of energy. Chart 6.2 provides a breakdown of energy production and consumption in 1987.

Chart 6.2 Primary Energy Production and Consumption in 1987



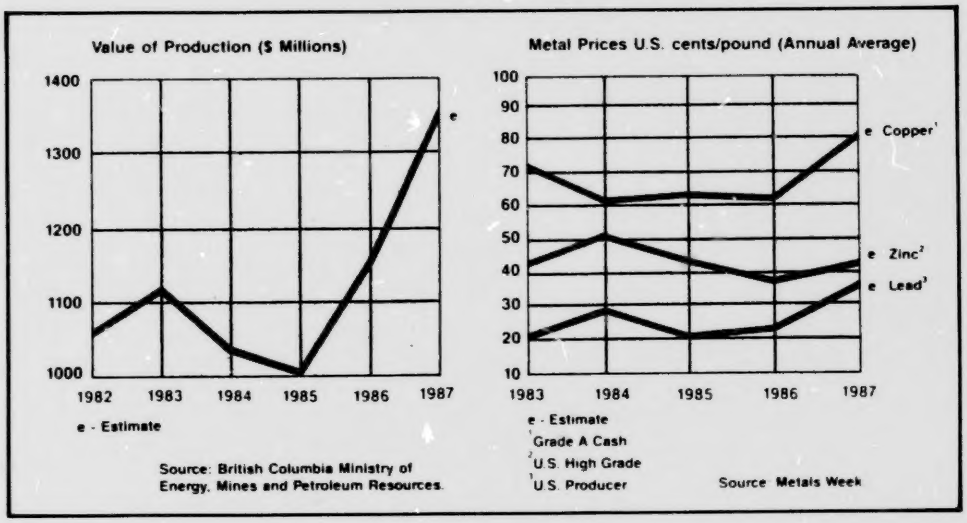
Source: Statistics Canada and Ministry of Energy, Mines and Petroleum Resources.

The total value of metal, mineral and fuel production in 1987 is estimated at $3.4 billion, up 5.7 per cent from 1986. Higher prices for most metals contributed to the overall increase. For information on production see Appendix Tables 6.4 and 6.5.

Metals

The value of metals produced in the province in 1987 increased by 16 per cent to $1.3 billion. (See Chart 6.3.) Much of the increase can be attributed to stronger prices for most metals, in particular copper and precious metals. The rise in copper production was due mainly to the large Highland Valley Copper operation. (See Map 6.4.) Production values for gold, silver, copper and lead were significantly higher in 1987, while production values of zinc and molybdenum decreased.

Chart 6.3 Value of British Columbia Metallic Mineral Production



Source: British Columbia Ministry of Energy, Mines and Petroleum Resources.

Source: Metals Week

Industrial Minerals

The total value of industrial mineral production in 1987 was $126 million, down from $134 million in 1986. An 11.8 per cent decrease in the volume of sulphur produced and an 10.3 per cent decline in sulphur prices offset the effect of a 21.8 per cent increase in asbestos output.

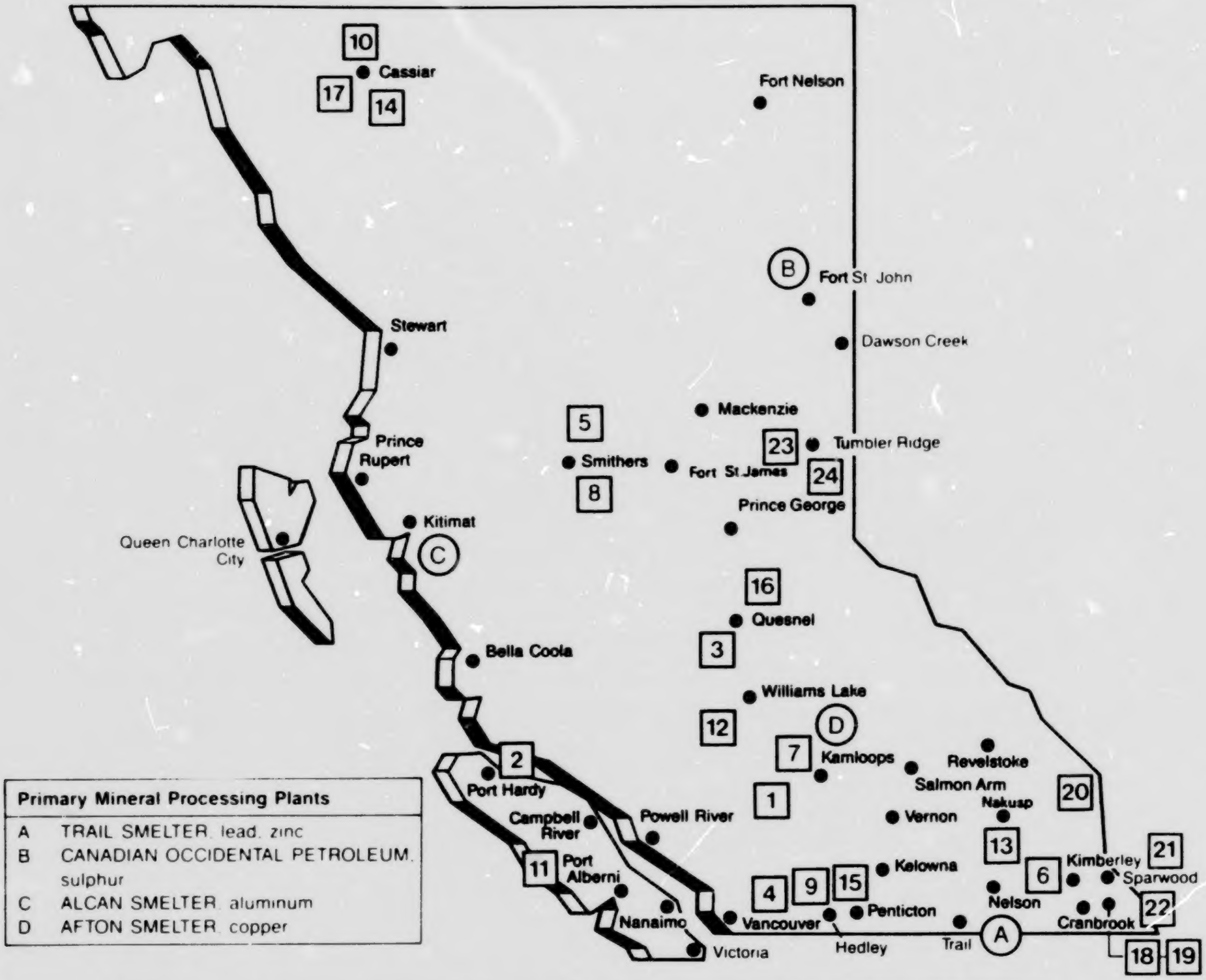
Structural Materials

The 1987 value of structural materials, which includes cement, sand and gravel, was $231 million, up from $215 million in 1986.

Mineral Exploration

Mineral claim staking rose to 79,360 claim units in 1987, up 39.5 per cent from 1986. Exploration expenditures during 1987 are estimated at $106 million, an increase of 41.3 per cent from the $75 million recorded in 1986.

Map 6.4 Major Operating Mines (1987)


10
Cassiar
17
14
Fort Nelson
B
Fort St John
Dawson Creek
Stewart
Mackenzie
5
Prince Rupert
23
Tumbler Ridge
Smithers
Fort St James
24
8
Prince George
Kitimat
Queen Charlotte City
C
16
Quesnel
3
Bella Coola
Williams Lake
D
12
7
Kamloops
Revelstoke
2
Port Hardy
Salmon Arm
1
Nakusp
20
Campbell River
Powell River
Vernon
13
11
Port Alberni
Kelowna
Kimberley
21
Sparwood
4
9
15
6
Nelson
22
Nanaimo
Vancouver
Penticton
Cranbrook
Victoria
Hedley
Trail
A
18
19

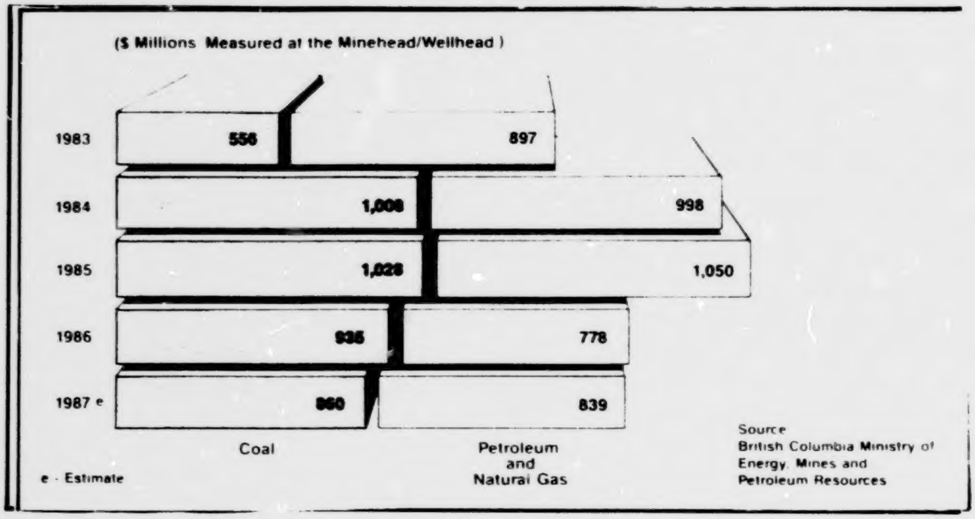
Primary Mineral Processing Plants	
A	TRAIL SMELTER, lead, zinc
B	CANADIAN OCCIDENTAL PETROLEUM, sulphur
C	ALCAN SMELTER, aluminum
D	AFTON SMELTER, copper

	Company	Location	Daily Rated Capacity (tonnes)	Products
1	Highland Valley Copper Ltd	Highland Valley	111,584	Copper, molybdenum
2	Utah Mines Ltd (Island Copper)	Rupert Inlet	37,200	Copper, molybdenum
3	Gibraltar Mines Ltd	Granite Mountain	36,300	Copper molybdenum
4	Newmont Mines Ltd (Similkameen Div)	Princeton	20,000	Copper
5	Bell (Noranda)	Babine Lake	17,000	Copper, gold, silver
6	Cominco Ltd (Sullivan)	Kimberley	9,100	Silver, lead, zinc, iron
7	Afton Mines Ltd	Kamloops	6,350	Copper, gold, silver
8	Equity Silver Mines Ltd (Sam Goosly)	Houston	4,500	Copper, gold, silver
9	Mascot Gold Ltd	Hedley	2,500	Gold, silver
10	Brinco Mining Ltd (Cassiar Div)	Cassiar	3,629	Asbestos
11	Westmin Resources Ltd	Buttle Lake	907	Copper, zinc, lead, silver
12	Blackdome (Blackdome Mining Corp)	Clinton	200	Gold, silver
13	Dickenson Mines Ltd (Silmonac)	Slocan Lake	125	Silver, lead, zinc
14	Total Erickson Resources Ltd	Cassiar	110	Gold
15	Teck Corporation (Highland Bell)	Beaverdell	105	Silver, lead, zinc
16	Mosquito Creek Gold Mining Co Ltd	Wells	100	Gold, silver
17	Taurus Resources Ltd	Cassiar	98	Gold
18	Westar Mining Ltd (Balmer)	Fernie	n/a	Coal
19	Westar Mining Ltd (Greenhills)	Fernie	n/a	Coal
20	Fording Coal Ltd	Natal	n/a	Coal
21	Crows Nest Resources Ltd (Line Creek Mine)	Sparwood	n/a	Coal
22	Byron Creek Collieries	Corbin	n/a	Coal
23	Teck Corporation (Bullmoose)	Tumbler Ridge	n/a	Coal
24	Denison Mines Ltd (Quintette)	Tumbler Ridge	n/a	Coal

Coal

The value of coal production in 1987 declined to $860 million from $935 million in 1986. (See Chart 6.4). Although volumes of both metallurgical and thermal coal increased by 6.2 per cent, lower coal prices resulted in a drop in total production value.

Chart 6.4 Value of Petroleum, Natural Gas and Coal Production



Source
British Columbia Ministry of Energy, Mines and Petroleum Resources

Petroleum and Natural Gas

Petroleum and natural gas exploration activity remained depressed during 1987 with only 137 wells drilled, 24 fewer than during the previous year. (See Table 6.8). Towards the end of the year, however, there were signs of a marked upturn. During the final quarter of 1987 well authorizations had increased by 44 per cent from the fourth quarter of 1986.

The value of petroleum and natural gas production in 1987 increased to $839 million from $778 million in 1986. A recovery in world oil prices during 1987 resulted in a 34.1 per cent increase in the value of crude oil production. Weaker natural gas prices caused a decline in total production value of 1.7 per cent, although volumes were up 23.7 per cent from 1986.

Electric Generation

Canada has one quarter of the world's fresh water supplies, of which one third is in British Columbia. This has led to the development of 12.8 gigawatts of electrical generating capacity in the province consisting of 11.1 gigawatts of hydroelectric capacity and 1.7 gigawatts of thermal-electric capacity. The availability of this competitively priced energy, which supplies about 20 per cent of the province's energy requirement, continues to be a strong inducement for new energy-intensive industry to locate in the province.

Table 6.8

Economic Indicators of Activity in Petroleum and Natural Gas

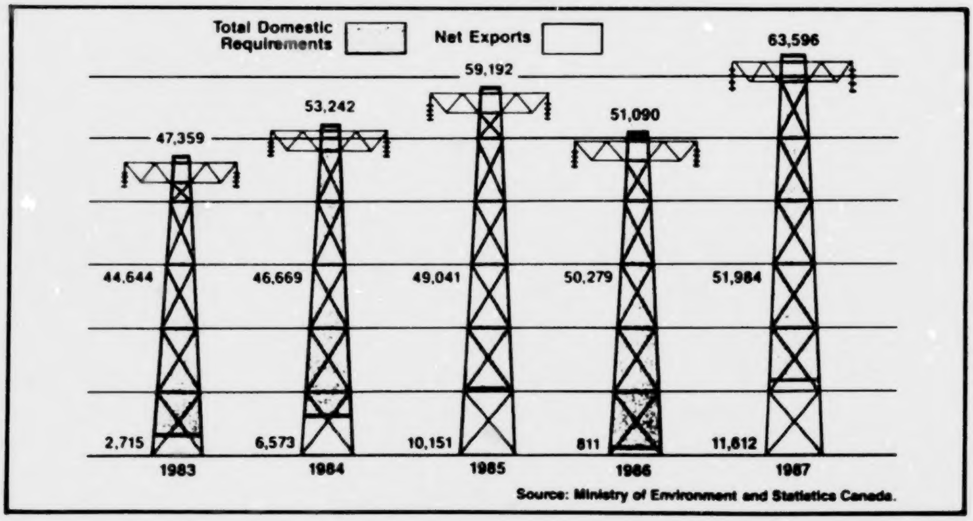
		1986	**1987**	Change 1986–1987
				(per cent)
Oil production	(10^3m^3)	2,019	**2,100**	4.0
Natural gas production (to pipeline)	(10^3m^3)	7,958	**9,848**	23.7
Number of wells authorized		141	**165**	17.0
Number of wells drilled		161	**137**	14.9
Seismic crew-weeks		182	**142**	22.0
Provincial reserves				
Oil (remaining reserves)	(10^6m^3)	19	**17**	10.5
Raw gas (remaining reserves)	(10^9m^3)	278	**264**	5.0
Provincial government petroleum and natural gas revenue[1]	($ millions)	170	**198**	16.5

[1] Provincial government revenue is reported on a fiscal year basis (e.g., 1987 represents the 1987 88 fiscal year)

Appendix Table 6.7 lists the principal power producers, Map 6.2 shows the locations of the largest hydroelectric dams and Appendix Table 6.8 lists data on the ten largest power plants in British Columbia.

During 1987, 63,596 gigawatt-hours of electricity were generated, an increase of 24.5 per cent from the previous year. Domestic consumption increased by 3.4 per cent to 51,984 gigawatt-hours, and gross export sales tripled to 12,815 gigawatt-hours. (See Chart 6.5 and Appendix Table 6.6.)

Chart 6.5 Electric Power Supply (gigawatt-hours)



Source: Ministry of Environment and Statistics Canada.

Resource Management Programs

The Ministry of Energy, Mines and Petroleum Resources regulates the energy and mineral industries and ensures the orderly development of these resources. The ministry's responsibilities include mine worker safety, mine reclamation practices, administration of laws relating to mineral, oil and gas tenures, and economic, geological, statistical and financial studies.

Mineral Development Agreement

During 1987/88, the third year of the Canada-British Columbia Mineral Development Sub-Agreement, $2.3 million in funding was provided to the mineral sector for studies of geology, infrastructure, markets and technology development. The program will provide a total of $10 million over five years.

FAME Program

In 1987/88, the provincial government renewed for one year the $5 million Financial Assistance for Mineral Exploration Program (FAME) to promote private sector mineral exploration and development in British Columbia. FAME is designed to provide both risk capital for the discovery of new mines and to extend the economic lives of existing mines.

Energy Policy

During 1987/88, policy initiatives continued to focus on deregulation and an expanded role for private industry. As part of this process the government is considering options to transfer the British Columbia Petroleum Corporation's marketing functions to the private sector.

A gas royalty holiday for development and exploratory wells was introduced to encourage new drilling in the province. In addition, work began on a new gas royalty system designed to simplify the existing system, to maintain British Columbia's competitive position with Alberta and to preserve the Crown's royalty revenue. The new system, implemented June 1, 1988, is based on a flat rate royalty with some price sensitivity.

Following the government's decision to allow private industry to build electric generating facilities, changes to the *Utilities Commission Act*, to permit power sales to industrial customers using British Columbia Hydro transmission lines, received Royal Assent in June 1988.

Eight new agreements were signed under the *Industrial Electricity Rate Discount Act*. The *Act* provides for rate discounts on incremental consumption by large qualifying consumers in order to use surplus hydroelectric power. The objectives of this program have been to increase industrial output and improve British Columbia Hydro and Power Authority's financial position. At the end of 1987, 17 industrial customers had qualified for rate discounts of up to 50 per cent. By 1994, these agreements are expected to have contributed additional revenue of $93 million to British Columbia Hydro and $36 million to the provincial government, while providing approximately 1,500 jobs. Because of the near exhaustion of the province's hydroelectric surplus, granting of further rate discounts under this program has been discontinued.

PROVINCIAL TOURISM DEVELOPMENTS SINCE EXPO 86

British Columbia is fortunate to have an abundance of natural beauty and a wide variety of well-developed tourist facilities. This combination has made British Columbia an attractive destination for large numbers of tourists from across Canada and around the world. The potential for tourism in British Columbia has long been recognized and the industry has enjoyed an upward trend in visitor volume and tourist revenues for several years. In terms of revenue generated, tourism is a major industry in British Columbia.

Development of the province's tourist industry was given a boost by the Expo 86 international exposition which attracted a large number of tourists and increased the international awareness of British Columbia as a world-class destination.

1987 Developments

Most tourism indicators showed a decline in 1987, relative to the record-breaking Expo 86 performance, but were significantly improved from 1985.

A total of 11.6 million persons toured British Columbia for one or more nights in 1987, a 10.0 per cent decline from the 12.9 million persons recorded in 1986. Nearly half of those touring the province were residents of British Columbia while residents of other Canadian provinces accounted for about 22 per cent of the total. Residents of the United States accounted for nearly 23 per cent of total overnight visitors while overseas visitors made up the remaining seven per cent of visitors.

An additional 5.1 million visitor-trips were made in British Columbia by excursionists (individuals who travel 50 or more kilometres from home to stay for only one day). These visitors were mainly from British Columbia, Alberta and the United States Pacific Northwest.

Tourism revenue in 1987 totalled $3.1 billion, down 7.5 per cent from the $3.3 billion reached in 1986 when Expo 86 significantly increased tourist volumes and spending. Visitors from other Canadian provinces contributed a total of $773 million in tourism revenue in 1987 while spending by tourists from the United States totalled $628 million. Spending by overseas visitors has grown very rapidly over the last two years, and appears to have more than doubled since 1985.

Other tourism indicators show slow growth or declines relative to 1986 levels but increases when compared to 1985 levels. For example, total hotel and motel room expenditures in 1987 were down 15.3 per cent from 1986 levels, but up 23.4 per cent from 1985 levels. The number of passengers travelling between Vancouver Island and the Lower Mainland declined 13.2 per cent between 1986 and 1987, but traffic in 1987 showed an 11.7 per cent increase over 1985 levels.

Recent Developments

The tourism industry has experienced strong growth during 1988. Accommodation revenues were up 16.4 per cent in the first six months of 1988 relative to the same period in 1987 reflecting both volume and price increases. Domestic passenger arrivals and departures at the Vancouver International Airport rose 17.5 per cent in the January to June period of 1988 over the same months in 1987. Similarly, ferry passenger traffic to and from Vancouver Island in the first seven months of the year was up 7.2 per cent over traffic levels in the same period in 1987.

There have also been significant increases in overseas visits to British Columbia. Overseas resident entries into British Columbia between January and June were up 22.2 per cent compared to the first six months of 1987. Particularly strong increases were recorded for Hong Kong residents — up 41.1 per cent — and Japanese residents — up 39.4 per cent.

Prospects for Tourism

The future of the tourism industry in British Columbia is bright. Tourism facilities and services are being upgraded throughout the province. For example, major investments are being made in Whistler to improve accommodation and ski facilities. Many communities have invested in convention centres to attract business and other groups. As well, the recent influx of overseas visitors should add to the traditional base of visitors from the rest of Canada and the United States.

1987 Tourist Volume and Expenditures

Origin	Overnight Visitor-Trips (thousands)	%	Total Expenditures* ($ millions)	%
British Columbia	5,600	48.2	1,219	39.5
Other Canadians	2,549	22.0	773	25.0
United States	2,650	22.8	628	20.4
Overseas	815	7.0	466	15.1
Total	11,614	100.0	3,086	100.0

*Includes spending by excursionists.

Tourism

During 1987, tourism industry revenue totalled $3.1 billion. This was 7.5 per cent lower than the 1986 Expo record revenue of $3.3 billion but well above the 1985 level. (See Table 6.9 and Chart 6.6). The number of visitor-trips in British Columbia during 1987 was estimated at 16.7 million. (See Topic Box).

Table 6.9

Tourism Revenue

	1986[1]	1987	Change 1986–1987
Non-Residents	($ millions)		(per cent)
Canadian	786	773	1.7
United States	816	628	23.0
Overseas	498	466	6.4
Total Non-Residents	2,100	1,867	11.1
British Columbians	1,237	1,219	1.5
Total	3,337	3,086	7.5

[1] Revised based on Visitor 87 Study and most recent Canadian Travel Survey data

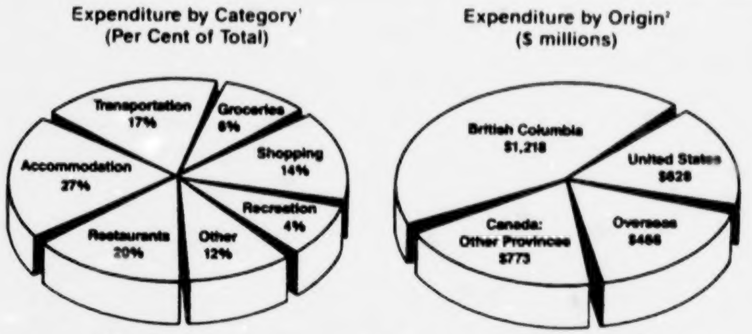
Source British Columbia Ministry of Tourism and Provincial Secretary

Tourism Programs

The government is developing tourism in the province by marketing British Columbia as a travel destination and by assisting the tourism industry to become more competitive and to market itself more effectively.

The Ministry of Tourism and Provincial Secretary coordinates tourism advertising and promotes special events and trade conventions. The Ministry of International Business and Immigration coordinates tourism offices in London (England), San Francisco, Los Angeles and Seattle, and promotes the commercial film industry. Provincial cultural activities and heritage attractions are coordinated by the Ministry of Municipal Affairs, Recreation and Culture.

Chart 6.6 Tourism in British Columbia, 1987



Expenditure by tourists totalled $3.08 billion in 1987, down 7.6 per cent from 1986. Sixty-five per cent of tourist revenue was provided by visitors from within the province and other parts of Canada, while United States visitors accounted for most of the remainder.

1 - Estimate based on Visitor 87 study of non-resident visitors conducted July to October 1987.

2 - Estimated.

Source British Columbia Ministry of Tourism and Provincial Secretary.

The federal-provincial Tourism Industry Development Sub-Agreement provides incentives for destination resorts and attractions, international market development initiatives and research activities by industry. Since 1985, commitments under this program have totalled $12 million and are expected to generate $28 million in additional investment. (See Table 6.14.) In addition, nearly $15 million has been jointly committed by the federal and provincial governments for the construction of the Victoria Convention Centre.

The Vancouver Trade and Convention Centre, formerly the Canada Pavilion at Expo 86, is operated by B.C. Pavilion Corporation and attracts year round trade and convention activity from domestic and foreign interests.

Agriculture, Fish and Food Industry

British Columbia's agriculture, fish and food industry is a complex integrated system, contributing significantly to the provincial economy through the activity of farmers, fishermen, farm workers, suppliers of inputs to farmers and fishermen, fish farms, food processing plants, food distributors and food retailers ranging from food stores and caterers to restaurants and institutional outlets.

Agriculture

Farm cash receipts were an estimated $1.1 billion during 1987, up slightly from the previous year. (See Table 6.10). Market receipts from crops and from livestock rose 7 per cent and 2.5 per cent, respectively, from 1986. Higher receipts from horticultural crops and forages contributed to the increase in crop receipts, offsetting the decline in receipts from grains and oilseeds. In the livestock sector, gains in cattle and calves and in poultry sales contributed to the increase in receipts. Cash receipts from government programs fell 36 per cent, due to a drop in crop insurance and income stabilization payments as a result of higher market prices during 1987. Total production expenses declined 2 per cent to $789 million in 1987, their lowest level since 1980. After adjustments for inventory change, net farm income rose 7.3 per cent, reaching a record level of $308 million. (See Table 6.11.)

Table 6.10

British Columbia Farm Cash Receipts

	1986 (revised)	1987[1]	Change 1986–1987
	($ thousands)		(per cent)
Grains and oilseeds	24,015	**19,685**	-18.0
Horticultural crops	274,015	**286,142**	4.4
Cattle and calves	180,652	**185,964**	2.9
Hogs	54,343	**49,077**	-9.7
Dairy products	231,737	**231,263**	-0.2
Poultry and eggs	161,356	**170,040**	5.4
Other products	72,895	**88,201**	21.0
Program receipts[2]	65,056	**41,681**	-35.9
Total	1,064,069	**1,072,053**	0.8

[1] Preliminary

[2] Includes receipts from government programs which enhance farm income or reduce expenses

Source: Statistics Canada and British Columbia Ministry of Agriculture and Fisheries

Table 6.11

Activity Indicators of the Agricultural Industry

		1986	**1987**	Change 1986-1987
				(per cent)
Number of agricultural holdings	(thousand)	19	**19**	—
Cultivated land area	(thousand hectares)	899	**899**	—
Farm cash receipts	($ millions)	1,064	**1,072**	0.8
Net farm income	($ millions)	287.3	**308.2**	7.3

Source: Statistics Canada

Fisheries

Commercial fishing in British Columbia is a highly cyclical industry with landings dependent on fluctuations in stocks of individual species and prices dependent on world market conditions. Salmon is the most important species, followed by roe herring, halibut and a variety of groundfish and shellfish.

The landed value of British Columbia's 1987 commercial fisheries harvest was $410 million, up 1.2 per cent from 1986. (See Table 6.12.) The salmon catch was down 29.4 per cent in value from 1986, but the value of herring landings more than doubled. Halibut, groundfish and shellfish receipts also increased significantly.

Nearly 90 per cent of British Columbia's fish catch volume is processed. In 1987, the wholesale value of all commercial fish products was estimated at $751 million, down 2.3 per cent from 1986.

More than 75 per cent of British Columbia's fish products are exported. In 1987, the value of British Columbia's exports of fish and fish products totalled $716 million, up 22.9 per cent from 1986.

Table 6.12

Value of Fish Production

	Landed Value[1] 1986	Landed Value[1] **1987[2]**	Change 1986-1987	Wholesale Value[1] 1986	Wholesale Value[1] **1987[2]**	Change 1986-1987
	($ millions)		(per cent)	($ millions)		(per cent)
Salmon	269	**190**	29.4	539	**395**	26.7
Herring	46	**114**	147.8	88	**186**	111.4
Halibut[3]	24	**29**	20.8	31	**38**	22.6
Groundfish[4]	42	**50**	19.0	76	**94**	23.7
Shellfish	24	**27**	12.5	35	**38**	8.6
Total	405	**410**	1.2	769	**751**	2.3

[1] Landed value is the value of raw fish landed at dock. Wholesale value includes the value of fish wholly or partially processed, and raw fish sold through brokers.

[2] Preliminary

[3] Includes halibut landings at United States ports by British Columbia fishermen.

[4] Includes hake landings to foreign vessels in co-operative fishing arrangements.

Sources: Aquaculture and Commercial Fisheries Branch, Ministry of Agriculture and Fisheries
Statistics Division, Canada Department of Fisheries and Oceans

Aquaculture

Commercial fish farming or aquaculture is expanding rapidly with the number of fish farms increasing 17.9 per cent to 607 in 1987. They included 82 salmon farms, 154 trout farms, 336 oyster and other shellfish farms, three marine plant farms and 32 broodstock hatcheries. Total production of fish farms was valued at $10.3 million in 1987, a 66 per cent increase from the previous year.

The Aquaculture Industry Advisory Council has been established to ensure responsible development of the aquaculture industry.

Food and Beverage Industries

The manufactured value of food and beverage products processed and marketed in British Columbia reached an estimated $3.3 billion in 1987, up about 1 per cent from 1986. At the retail level, sales of food and non-alcoholic beverages from stores reached an estimated $4.7 billion, up 3.4 per cent from 1986. Sales by restaurants, caterers and taverns increased 5.7 per cent to an estimated $1.85 billion.

Agriculture, Fish and Food Programs

During 1987/88, the Ministry of Agriculture and Fisheries administered programs designed to assist both producers and processors of agricultural and fish products. The programs emphasize marketing and productivity improvement and assist firms to increase the value of their product lines.

Farm Income Assurance

The Farm Income Assurance Program is a voluntary program jointly funded by producers and government. In 1987/88, the province contributed over $12 million to the program. Claims paid for the same period totalled $25 million with most payments being made to tree fruit growers. Program payments decreased from 1986 due to stronger market prices during most of the year.

Agricultural Finance and Development Programs

Programs under the *Agricultural Credit Act*, include provincial farm loan guarantees and direct loans to a maximum of $50,000 to finance farmland development. Since 1974, the government has issued 450 guarantees totalling $47 million. As of March 31, 1988, guaranteed loans outstanding totalled $4 million.

The Feed Grain Market Development Program provides a $15 per tonne incentive to grain producers to sell eligible feed grains in the British Columbia market and a $11 per tonne incentive to livestock producers to purchase British Columbia feed grain. In 1987/88, over $1 million was disbursed under the program.

The Food Industry Development Program assists small and medium-sized food processing firms with product development, processing technology and productivity improvement. In 1987/88, $547,000 was approved for 43 projects.

Agriculture and Food Development Agreement

Under the $40 million five-year Agriculture and Food Development Sub-Agreement signed with the federal government in July 1985, $9 million was allocated to productivity enhancement, $17.5 million to resource development and $13.5 million to commodity development. Expenditure commitments under the Agreement totalled $16 million to March 31, 1988.

Aquaculture Programs

During 1987/88, the provincial government provided financial assistance to the aquaculture industry through various programs including the *Agricultural Credit Act*, the Aquaculture Incentive Program and the Small Business Venture Capital Program. Loan guarantees issued under the *Agricultural Credit Act* totalled $280,000 in 1987/88, while a total of $1.1 million was provided for 18 projects under the Aquaculture Incentive Program. Assistance to the industry under the Small Business Venture Capital Program totalled $1.3 million to March 31, 1988.

Fisheries Management Programs

The provincial government, through fisheries management programs, conserves and manages freshwater fisheries, oyster stocks, and marine plants and associated habitats. These programs involve maintaining population and habitat inventories, managing and regulating public freshwater sports fisheries, conducting environmental research, monitoring aquaculture operations, licensing and regulating fish processors and distributors, and representing the province in international fisheries negotiations.

Manufacturing

Manufacturing accounted for 16.4 per cent of provincial GDP in 1987. Over one-half of British Columbia's manufacturing output is attributable to resource processing which, in turn, is dominated by the large forest products industry.

Total manufacturing shipments rose by 17.5 per cent or $3.9 billion in 1987 to $26.1 billion. Nearly three-quarters of the increase occurred in the wood products industry (up 31.8 per cent) and the paper and allied products industry (up 26.8 per cent). These two industries accounted for nearly half of total manufacturing shipments. Among the smaller industries, large increases occurred in fabricated metal products (up 26.5 per cent) and non-electrical machinery shipments (up 36.0 per cent). Appendix Table 6.9 provides more information.

Business and Industrial Development Programs

The newly established Ministry of Regional Development is responsible for promoting regional and industrial development in British Columbia through a variety of intergovernmental and government-industry programs and projects. (See Table 6.13.)

Economic and Regional Development Agreement

The ten-year Canada-British Columbia Economic and Regional Development Agreement (ERDA), signed in November 1984, provides a framework for closer economic cooperation and coordination with the federal government by means of specific sub-agreements. Eight subsidiary agreements have been concluded to date under the ERDA, representing a joint commitment by the federal and provincial governments to invest almost $600 million over five years in key sectors of the British Columbia economy, including forestry, industrial development, agriculture, science and technology, minerals development, small business incentives and the tourism industry.

Programs under the $125 million Industrial Development Sub-Agreement support larger scale enterprises to improve the competitiveness of the resource sectors, aid diversification of the province's industrial base and encourage the use of advanced technology. The $50 million Small Business Incentives Sub-Agreement has programs providing financial incentives to manufacturers, processors, advanced technology companies and commercial aquaculture enterprises.

Since 1985, commitments under these two sub-agreements have totalled $72 million and are expected to generate $381 million in additional investment. (See Table 6.14.)

Table 6.13

Financial Incentives for Regional Economic Development

The provincial government funds and administers a wide range of economic development programs which provide financial incentives directed toward strengthening and diversifying the provincial economy.

Program or Service	Purpose	Form of Assistance	Program Administrator
Research/Development:			
Discovery Enterprise Program	To accelerate the commercialization of advanced technology in British Columbia.	Loans and or equity investments in development projects.	Discovery Foundation
Food Industry Development Program	To encourage the increased use of B.C. produce and food in the food service industry and to assist in the development and expansion of the processing sector of the B.C. food industry.	Grants are not to exceed 50% of eligible costs to a maximum of $50,000. The 3 categories to be considered are: (1) Food Product and Market Development (2) New Processing Technology Development (3) Productivity Advisory Services.	Ministry of Agriculture and Fisheries
Opportunity Identification and Assessment Program	Identify industrial development opportunities and issues.	Cost sharing with industry associations to conduct research studies and feasibility assessments.	Ministry of Regional Development
Technical Assistance Program (TAP)	To assist companies engaged in manufacturing processing to hire professionals to assist in developing corporate plans and operations.	50% of the costs incurred, to a maximum contribution of $5,000 for studies (e.g. market, feasibility, productivity, etc.)	Ministry of International Business and Immigration
Tourism Industry Support Program	To conduct major research activities of broad interest to the industry and to conduct specific opportunity identification research.	Contributions to B.C. tourism associations.	Ministry of Tourism and Provincial Secretary Ministry of Regional Development
Science and Technology Development Fund	To promote science and technology initiatives.	Provides conditional grants and general assistance to agencies for applied research and technology.	Ministry of Advanced Education and Job Training
Training/Management Development:			
Assistance to Associations Program	To aid business, trade and industry associations in providing management development opportunities to their members.	50% of costs up to maximum of $2,500 per year.	Ministry of Regional Development
Management Assistance Program (MAP)	To provide financial support for the hiring of outside consultants to assist in formal, in-depth studies of a specific management or planning aspect of a company's operations.	50% of the costs incurred, to a maximum of $5,000.	Ministry of Regional Development
Tourism Industry Support Program	To aid industry associations in the development and production of manpower and management training materials.	Contributions to B.C. tourism associations.	Ministry of Tourism and Provincial Secretary
Employment Programs	To provide employment and training assistance.	Includes a number of wage subsidy and retraining support programs.	Ministry of Advanced Education and Job Training
Capital Costs:			
Small Manufacturers' Incentive Program	To encourage small businesses engaged in processing, manufacturing and advanced technology to establish or expand production facilities for export sales or import replacement.	Interest free loans on 50% of equipment and leasehold improvement costs for a 3-year term, to a maximum of $50,000.	Ministry of Regional Development
Industrial Development Assistance Program (IDAP)	To encourage businesses engaged in processing or manufacturing to establish, expand or modernize their operations.	Low interest loans on one-third of equipment and leasehold improvement costs for a 3-year term to a maximum of $500,000. Maximum eligible costs are $2 million.	Ministry of Regional Development

Table 6.13

Financial Incentives for Regional Economic Development — *Continued*

Program or Service	Purpose	Form of Assistance	Program Administrator
Aquaculture Incentive Program (AIP)	To encourage establishment and expansion of firms engaged in aquaculture production.	Interest free loans on 50% of equipment and leasehold improvement costs to a maximum of $100,000. Maximum eligible costs are $300,000.	Ministry of Regional Development
Resource Industry Value-Added Program	To assist new and existing companies to produce specialty products based on B.C.'s natural resources, or to utilize under-exploited resources.	Provides low interest loans for up to 50% of capital costs. Minimum project size is $2 million.	Ministry of Regional Development
Resource Industry Modernization Program	To assist existing manufacturing and processing companies in the resource sector to modernize operations by adopting new and advanced technology.	Provides contributions, normally repayable, for up to 30% of capital costs. Minimum project size is $2 million.	Ministry of Regional Development
Small Business Venture Capital Program	To encourage private sector investment in selected economic sectors, e.g., manufacturing and processing, research and development, tourist resorts, aquaculture.	Tax credits equal to 30% of investment in a venture capital corporation.	Ministry of Regional Development
Tourism Product Development	Development of destination resorts, events and attractions.	Low interest loans. Project must be part of a destination resort.	Ministry of Regional Development
Industrial Diversification Program	To encourage companies to undertake projects that use advanced technology and that are in industry sectors countercyclical to B.C.'s traditional resource-based industries.	Provides contributions of up to 30% of eligible capital costs and/or loans up to 50% of eligible capital costs. Minimum project size is $2 million.	Ministry of Regional Development
Regional Seed Capital Program	To provide assistance to regional business for economic development initiatives.	Loan guarantees of up to 75% of eligible project costs, to a maximum of $50,000.	Regional Ministers of State
Export Assistance:			
Trade Mission Program	Trade missions to countries outside Canada sponsored and coordinated by ministry personnel.	All transportation costs associated with the mission, interpreters, and cost of hosting official receptions.	Ministry of International Business and Immigration
Market Development Program	To assist firms to assess potential export market opportunities outside B.C. or to establish marketing arrangements.	One economy return air fare from B.C. to the designated market to a maximum of $2,000.	Ministry of International Business and Immigration
Trade Show Assistance Program	To access national and foreign markets through participation of companies in trade shows outside B.C.	Provides assistance towards exhibit space rental costs to a maximum of $2,500.	Ministry of International Business and Immigration

Source: Ministry of Regional Development.

Table 6.14

Summary of ERDA Industrial, Small Business and Tourism Projects

Subagreement	Funds Available	Funds Approved	Number of Projects Approved	Estimated Number of Jobs Created	Additional Investment Generated
	($ millions)				($ millions)
Industrial Development	125	58	41	1,754	337
Small Business Development	50	14	223	2,246	44
Tourism Industry Development	30	12	110	360[1]	28
Total	205	84	374	4,360	409

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[1] Relates to product development part of subagreement only; jobs created by market development and industry support are difficult to measure.

Venture Capital Program

The Small Business Venture Capital Program, introduced in 1985, stimulates investment in small businesses in key growth industries. Investors in venture capital corporations receive tax credits equal to 30 per cent of their investment.

At March 31, 1988, 73 venture capital corporations were approved, representing some $35 million in new equity capital. These corporations have since invested $13 million in 47 small businesses.

Low Interest Loan Assistance

Since 1978, over $85 million in low-interest loans have been approved for 900 projects in the manufacturing and processing industry, creating or maintaining over 6,500 jobs.

Community Economic Development

The Community Organizations for Economic Development Program funds local economic development committees and projects. To date, more than $2 million has been approved to assist 281 projects to attract investors.

Enterprise Development Centre

During 1987 88, the Enterprise Development Centre and its satellite offices answered 250,000 requests for information and assistance from British Columbia businesses. The centre provides comprehensive counselling and information on international and domestic opportunities, through the "Business Network" computerized information system and the "SupplyNet" government procurement network.

Development Regions

A government restructuring during 1987 88 highlighted regional participation in the province's economic and social development. Eight development regions were established with a member of the Executive Council named as Minister of State for each. Their mandate centres on the promotion of growth, and expansion and development of businesses in the regions.

In July 1988, the Ministry of Regional Development was established to strengthen the role of the Ministers of State, with the focus on economic development. The ministry's mandate includes:

- fostering business development at the provincial and local levels and supporting regional development initiatives in all aspects of Ministry operations;
- coordinating and preparing strategies for regional economic growth and diversification and facilitating the implementation of industrial projects;
- providing policy and resource staff to assist the Ministers of State;
- improving public access to government information and services through local Government Agents offices;
- ensuring that the province receives its fair share of federal regional development and diversification spending and procurement;
- promoting the development of high growth, high technology industries through coordination with advanced education programs and the marketing of investment opportunities;

- emphasizing international trade as an important component of regional diversification and development by coordinating regional initiatives with the Ministry of International Business and Immigration;
- establishing a task force on the environment and British Columbia's economy to provide a consensus for future environmental protection and economic development; and,
- ensuring that regional priorities are clearly represented in the government budget and decision making process.

International Trade and Investment Activities

The Ministry of International Business and Immigration was established in July 1988 to clearly focus government policy on matters relating to trade, international marketing and the encouragement of investment in the province. (See Topic Box.) During 1987/88, the Ministry of Economic Development was responsible for these matters.

Trade Policy

During 1987/88, the ministry was actively involved in coordinating British Columbia's input into the negotiations leading to the Canada-U.S. Free Trade Agreement and in representing the province in federal-provincial meetings with the federal negotiating team. The ministry was also responsible for the preparation and communication of British Columbia's position with respect to the Multilateral Trade Negotiations as well as in individual trade actions in support of the province's vital trading interests.

Export Assistance Program

The Export Assistance Program encourages British Columbia manufacturers and processors to develop new export markets, participate in out-of-province trade fairs and bring incoming buyers to the province. Financial assistance is available for new marketing activities which will create a sustained expansion in British Columbia exports. Expenditure for this program exceeded $1 million in 1987/88. Table 6.15 provides information on 1987/88 activities.

Table 6.15

Activities of the Export Assistance Program, 1987/88

Activity	Number of Companies Assisted	Direct Sales	Twelve-month Anticipated Sales
		($ millions)	
Market Development Program	295	35.9	270.5
Trade show program	276	3.5	182.0
Incoming buyers program	50	2.6	80.1
	621	42.0	532.6

Source: Ministry of International Business and Immigration.

INTERNATIONAL PROGRAM INITIATIVES

British Columbia's future prosperity depends to a great extent on the province's ability to diversify its economy and increase its exports to world markets. The province is in a good position to do so.

- It is strategically located on the Pacific Rim, one of the fastest growing markets in the world.
- It has all-weather deep draft ports.
- It has abundant land, energy and other natural resources.
- It has a well educated labour force and an ethnically diverse population base.
- It has world class research and educational institutions.
- It has excellent transportation and communication networks.
- It has a superior quality of life.

To develop British Columbia's potential in world markets the provincial government is actively promoting stronger links between British Columbia and the rest of the world with particular emphasis on Asia/Pacific nations. Provincial government initiatives are focussed on providing support for trade and investment, providing support for educational and cultural exchanges, playing an active role in international immigration to the province and increasing the international profile of the province.

Support for Trade and Investment

The newly established Ministry of International Business and Immigration is responsible for the provincial government's overall international strategy. It, in turn, will set up the British Columbia Trade Development Corporation which will be responsible for export development and promotion activities.

Currently, the new ministry is reviewing existing programs, developing enhanced export assistance programs and developing a comprehensive trade intelligence facility for British Columbia exporters.

There are a number of ongoing initiatives which support trade and investment.

- The provincial government has established foreign offices in London, Tokyo, Seoul, Hong Kong, Dusseldorf and Los Angeles, and will open an office in Singapore in early 1989. The British Columbia Chamber of Commerce has also established an office in Taipei. The purpose of these offices is to promote the province and its exports.
- The provincial government has taken a lead role in the establishment of the British Columbia International Commercial Arbitration Centre and the development of Vancouver as an International Financial Centre.
- The federal/provincial Asia Pacific Initiative is currently working to develop Vancouver as Canada's Pacific centre for trade, commerce and travel. It currently comprises five task forces which are generating plans for developing the Asia/Pacific ties of different sectors of the British Columbia economy.

Education and Cultural Exchanges

Equipping British Columbians to further our global ties is a major government priority. British Columbia is on the leading edge in developing a Pacific-focussed curricula in public schools which will establish the province's position as a vital Pacific Rim centre, and will ensure the increasing success of British Columbia companies into the next century.

In 1987/88 the provincial government initiated a three-year, $12 million Pacific Rim Education Initiative to develop new curricula in Asian languages, social studies and cultural awareness; to upgrade teacher skills/knowledge in these areas; to encourage student/teacher exchanges with Asia/Pacific nations, and to develop British Columbia-curriculum schools in Asia — starting with Hong Kong.

The Ministry of Advanced Education and Job Training plays a leading role in marketing post-secondary education worldwide, both in facilitating the export of educational services by British Columbia institutions, and in attracting foreign students to provincial institutions.

During August 1988, commissioners from Commonwealth countries signed a memorandum of understanding creating a distance learning centre to be headquartered in Vancouver. The centre will offer credit courses based on material gathered throughout Commonwealth countries, with future plans including the use of satellite broadcasts for instruction purposes.

The centre's budget is expected to be in excess of $30 million over the next five years. The federal government will contribute $7 million, while the provincial government will provide a contribution of $3 million as well as a site for the centre's headquarters.

Providing opportunities for the province's management personnel to upgrade their skills and recent university graduates to gain practical experience, through short-term assignments in Pacific Rim countries, are also high priorities for program development by the Ministry of Advanced Education and Job Training and the new Ministry of International Business and Immigration.

Immigration

The provincial government is playing a greater role in immigration policy. Historically, British Columbia has been a recipient of in-migration from countries around the world. Currently, the provincial government has an active business immigration program, encouraging entrepreneurs and investors to bring their skill and know-how to the province. The majority of the immigrants qualifying are from Pacific Rim countries.

Increasing the Province's Profile

The international profile of British Columbia was significantly increased by the successful operation of Expo 86. British Columbia has continued to build on this profile with an increasing number of world-class meetings, conferences and other events held in the province. Examples include the Commonwealth Heads of Government meeting held in Vancouver during October 1987, the annual meeting of the Association of Development Financing Institutions in Asia and the Pacific held in Vancouver during March 1988, the annual Williamsburg Conference to be held in Victoria during November 1988 and the Commonwealth Games to be held in Victoria in 1994.

Science and Technology Activities

The Ministry of Advanced Education and Job Training became responsible for provincial science and technology activities in April 1987.

Science and Technology Development Agreement

The provincial government, in cooperation with the federal government, administers a $20 million five-year Science and Technology Sub-Agreement. The major program areas under the sub-agreement are advanced systems (computer sciences, micro-electronics, applied mathematics and robotics), biotechnology and university-industry liaison. Over $2 million was spent under the agreement in 1987/88.

Science Council of British Columbia

The Science Council of British Columbia advises the government on research and development priorities and, supported by the Secretariat on Science, Research and Development, administers funding programs. In 1987/88, a total of $3 million was awarded in applied research and development grants in eight sectors. In addition, the council conducted sectoral studies to determine the best application of science and technology for economic development, and delivered several programs to help students and graduates obtain research experience in industry.

Discovery Foundation

The Discovery Foundation, a non-profit society, and its wholly-owned subsidiary Discovery Park Incorporated, were established to advance scientific, technological and industrial activity in British Columbia. "Discovery Parks" currently operate adjacent to the British Columbia Institute of Technology (BCIT), at Simon Fraser University, and at the University of British Columbia. Facilities developed to date include a multi-tenant facility accommodating 40 small and start-up technology-based companies at the BCIT-Willingdon site and owner-occupied buildings such as Microtel Pacific Research at Simon Fraser University, and the Pulp and Paper Research Institute of Canada at the University of British Columbia.

The Discovery Foundation, through Discovery Enterprises Inc., administers the Discovery Enterprise Program which provides early stage risk capital to help innovative enterprises commercialize advanced technology products and processes. Over the past four years $15 million has been committed to 35 projects.

British Columbia Research Council

The British Columbia Research Council, a non-profit organization, undertakes both government-funded research and contract research for industry. In 1987, revenues exceeded $8 million, of which 36 per cent came from industrial contracts and 64 per cent from government contracts and grants.

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Table 1.1

Components of British Columbia Population Change

	Net Migration			Natural Increase			Total Population Increase	Population[1] — End of Period
	Interprovincial	International	Total	Births	Deaths	Total		
								(thousands)
1977	15,507	7,463	22,970	36,691	18,596	18,095	41,065	2,527.1
1978	20,698	4,985	25,683	37,231	19,058	18,173	43,856	2,572.1
1979	33,241	10,617	43,858	38,432	19,204	19,228	63,086	2,636.4
1980	40,165	19,170	59,335	40,104	19,371	20,733	80,068	2,717.7
1981	19,885	16,336	36,221	41,474	19,857	21,617	57,838	2,774.1
1982	−2,019	11,949	9,930	42,747	20,707	22,040	31,970	2,802.7
1983	4,029	7,347	11,376	42,919	19,827	23,092	34,468	2,833.8
1984	3,505	5,813	9,318	43,911	20,686	23,225	32,543	2,863.0
1985	−3,199	5,116	1,917	43,127	21,302	21,825	23,742	2,883.4
1986	1,136	6,108	7,244	41,967	21,213	20,754	27,998	2,910.0
1987e	19,408	11,978	31,386	41,221	21,465	19,756	51,142	2,961.1

[1] Components may not add to end of period population totals; Statistics Canada has revised some total population figures, but not individual components.

e Estimates.

Source: Statistics Canada and Central Statistics Bureau.

Table 1.2

Summary Table of Economic Activity for British Columbia

	Units	1972	1973	1974	1975	1976
Annual aggregate indicators						
Population (June 1)	thousands	2,241	2,302	2,376	2,433	2,467
Gross domestic product (at market prices)	$ millions	11,880	14,709	17,437	19,486	22,989
Personal income	$ millions	9,502	11,432	13,783	16,135	18,488
Capital investment	$ millions	2,895	3,433	4,096	4,423	5,197
Business incorporations	number	9,024	9,412	9,766	10,621	12,642
Labour statistics						
Labour force	thousands	938	987	1,040	1,087	1,117
Employment	thousands	865	920	976	995	1,021
Unemployment rate	per cent	7.8	6.7	6.2	8.5	8.6
Prices and earnings						
Consumer price index (Vancouver)	1981 = 100	44.1	47.3	52.6	58.6	64.3
Average weekly earnings	$	147.13	158.90	178.68	204.96	231.30
Wages and salaries	$ millions	6,182	7,378	8,912	10,437	12,020
Other indicators						
Manufacturing shipments	$ millions	5,021	6,394	7,411	7,326	8,856
Retail sales	$ millions	3,987	4,646	5,429	5,939	6,675
Housing starts	number	35,317	37,627	31,420	34,152	37,727
Non-residential building permits	$ millions	345	494	497	568	690
U.S. housing starts	thousands	2,357	2,045	1,338	1,160	1,538
Tourism revenue	$ millions	574	660	869	970	1,180
Commodity data						
Lumber production	thousand m^3	22,292	24,251	20,702	17,625	25,355
Pulp production	thousand tonnes	4,453	5,166	5,272	3,951	5,347
Newsprint, other paper and paperboard	thousand tonnes	1,777	2,010	1,947	1,490	1,963
Coal production	thousand tonnes	5,467	6,925	7,757	8,925	7,538
Farm cash receipts	$ millions	251	348	409	422	475
Petroleum and natural gas production	$ millions	106	124	233	321	421
Landed value of fish products	$ millions	75	130	101	80	142

[1] Includes some estimates

1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987[1]	Change 1986–1987
											(per cent)
2,499	2,542	2,589	2,666	2,744	2,788	2,814	2,848	2,870	2,889	2,926	1.3
25,647	28,732	33,360	38,239	44,691	46,115	48,151	50,994	54,234	56,496	61,575	9.0
20,691	23,266	26,422	31,057	36,960	40,405	41,666	43,792	46,778	48,812	52,358	7.3
5,593	6,201	7,451	9,519	11,885	10,102	9,346	8,787	10,189	9,576	11,238	17.4
13,509	15,215	17,616	21,380	23,368	11,431	13,786	14,050	15,578	17,064	18,691	9.5
1,148	1,202	1,239	1,301	1,361	1,370	1,389	1,410	1,431	1,457	1,484	1.9
1,050	1,103	1,144	1,213	1,270	1,204	1,197	1,202	1,228	1,274	1,306	2.5
8.5	8.3	7.6	6.8	6.7	12.1	13.8	14.7	14.2	12.6	12.0	N/A
68.9	74.3	80.0	87.5	100.0	110.5	116.6	121.3	125.2	129.3	133.3	3.1
253.23	268.50	291.56	323.97	362.77	396.99	423.35	429.41	441.33	443.84	453.45	2.2
13,512	14,618	16,547	19,557	22,748	23,505	23,737	24,360	25,869	26,636	28,525	7.1
10,060	12,235	14,631	15,896	16,782	15,647	16,994	17,996	19,858	22,220	26,115	17.5
7,287	8,227	9,195	10,572	12,000	11,766	12,257	13,005	14,304	15,567	17,116	10.0
32,358	28,618	27,345	37,546	41,585	19,807	22,607	16,169	17,969	20,687	28,944	39.9
701	698	928	1,207	1,335	1,026	775	827	812	912	967	6.0
1,987	2,020	1,745	1,292	1,084	1,062	1,703	1,750	1,742	1,805	1,621	−10.2
1,345	1,552	1,630	1,800	2,020	2,009	2,155	2,325	2,406	3,337	3,086	−7.5
28,407	29,603	29,523	28,267	24,598	23,856	30,773	30,884	32,994	31,468	37,456	19.0
4,877	5,382	5,324	5,717	4,813	4,759	5,572	5,191	5,848	6,173	6,850	11.0
1,993	2,163	2,129	2,152	1,870	1,905	2,158	2,085	2,500	2,601	2,753	5.8
8,424	9,464	10,570	10,824	11,753	10,646	11,480	20,740	22,613	20,852	22,137	6.2
510	580	670	770	892	944	895	963	1,020	1,064	1,072	0.8
550	569	896	828	885	913	899	998	1,050	778	839	7.8
168	251	333	184	236	241	210	243	378	405	400	−1.2

Table 1.3

Real Gross Domestic Product by Industry

Year	Primary[1]	Manufacturing	Construction	Transportation Communications and Utilities	Wholesale and Retail Trade	Public Administration	Other Services[2]	Total[3]
				(1981 $ millions)				
1974	3,964	5,233	2,193	3,481	3,529	1,918	9,411	29,757
1975	3,388	4,514	2,345	3,561	3,528	2,158	9,719	29,319
1976	3,520	5,365	2,680	3,755	3,717	2,315	10,238	31,626
1977	3,564	5,523	2,763	4,049	3,721	2,346	10,755	32,740
1978	3,466	5,768	2,672	4,391	3,794	2,468	11,351	33,960
1979	3,671	5,746	2,751	4,978	3,926	2,532	12,186	35,795
1980	3,409	5,836	3,311	5,281	4,202	2,542	13,210	37,782
1981	3,164	5,598	3,997	5,405	4,455	2,551	13,888	39,085
1982	3,056	4,871	3,432	5,145	3,987	2,625	13,399	36,544
1983	3,455	5,301	3,610	5,447	4,027	2,630	13,305	37,764
1984	3,758	5,652	3,041	5,820	4,261	2,658	13,639	38,838
1985	3,859	6,083	3,033	6,091	4,537	2,661	13,939	40,212
1986	3,960	6,789	2,746	6,286	4,735	2,681	14,445	41,649
1987	4,164	7,852	2,946	6,652	5,055	2,705	14,655	43,983

[1] Includes agriculture, primary forestry, mining and fishing and trapping.

[2] Includes finance, insurance and real estate and community, business, and personal services.

[3] Differs from sum of industries due to an unallocated residual.

Source: Conference Board of Canada.

Table 1.4

Capital and Repair Investment

	1986[1]	1987[2]	1988[3]	Change 1986–1987	Change 1987–1988
Capital		($ millions)		(per cent)	
Housing	2,728.6	3,613.5	3,701.7	32.4	2.4
Transportation, communications and utilities	1,311.8	1,263.3	1,623.6	−3.7	28.5
Trade, finance and commercial	2,059.2	2,250.5	2,476.2	9.3	10.0
Primary industries and construction industry	1,086.1	1,132.5	1,405.3	4.3	24.1
Institutions and government departments	1,541.3	1,649.4	1,683.2	7.0	2.0
Manufacturing	848.9	1,328.7	2,179.5	56.5	64.0
Total	9,575.9	11,237.9	13,069.5	17.4	16.3
Repair					
Housing	326.4	334.7	345.2	2.5	3.1
Transportation, communications and utilities	1,053.2	935.2	953.1	−11.2	1.9
Trade, finance and commercial	305.9	301.6	314.9	−1.4	4.4
Primary industries and construction industry	793.5	796.0	833.4	0.3	4.7
Institutions and government departments	494.3	684.6	689.0	38.5	0.6
Manufacturing	806.0	894.9	941.8	11.0	5.2
Total	3,779.3	3,947.0	4,077.4	4.4	3.3
Total, Capital and Repair					
Housing	3,055.0	3,948.2	4,046.9	29.2	2.5
Transportation, communications and utilities	2,365.0	2,198.5	2,576.7	−7.0	17.2
Trade, finance and commercial	2,365.1	2,552.1	2,791.1	7.9	9.4
Primary industries and construction industry	1,879.6	1,928.5	2,238.7	2.6	16.1
Institutions and government departments	2,035.6	2,334.0	2,372.2	14.7	1.6
Manufacturing	1,654.9	2,223.6	3,121.3	34.4	40.4
Total	13,355.2	15,184.9	17,146.9	13.7	12.9

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[1] Actual.
[2] Preliminary actual.
[3] Revised intentions.
Source: Statistics Canada Catalogue 61-205.

Table 1.5

Foreign Exports of Selected Major British Columbia Products[1]

	1977	1986	1987	Change 1986–1987
		($ millions)		(per cent)
Lumber	1,922.8	3,091.0	4,173.1	35.0
Pulp	1,022.2	1,980.5	2,874.5	45.1
Coal	397.7	1,493.7	1,269.5	−15.0
Newsprint	369.1	880.9	992.3	12.6
Fish products	264.7	582.7	715.9	22.9
Copper ore and ingots	261.5	456.5	564.7	23.7
Aluminum ingots	238.0	448.9	464.4	3.5
Natural gas	334.3	276.7	327.5	18.4
Logs, poles and pulpwood	49.7	192.3	326.3	69.7
Food, feed and beverages (non-fish)	116.6	234.1	296.0	26.4
Paper (except newsprint)	76.6	191.3	216.7	13.3
Machinery	88.6	186.6	215.5	15.5
Electricity	86.3	45.6	204.2	347.8
Trucks	24.8	133.4	201.4	51.0
Cedar shingles and shakes	134.6	237.5	188.7	−20.5
Zinc ore and ingots	96.3	223.8	175.5	−21.6
Chemicals and related products	56.3	127.1	158.2	24.5
Fuel oils	3.5	102.6	152.7	48.8
Gold in metals, ore and concentrates	16.7	93.4	134.2	43.7
Molybdenum concentrates	131.8	78.3	112.4	43.6
Paperboard	49.9	88.0	101.6	15.5
Silver in metal, ores and concentrates	11.5	97.8	100.1	2.4
Plywood (softwood)	71.5	97.4	97.0	−0.4
Gasoline	2.2	73.7	94.1	27.7
Asbestos	51.0	62.2	72.2	16.1
Pulpwood chips	26.0	66.8	64.7	−3.1
Ships, boats, parts and engines	9.5	31.5	56.9	80.6
Lead ores and ingots	57.8	40.7	46.5	14.3
Shipping containers	2.3	41.6	43.7	5.0
Sulphur	1.3	48.4	41.7	−13.8
Communications/telecom. equipment	9.0	32.1	39.5	23.1
All other products	323.6	977.7	1,168.2	19.5
Total	6,307.7	12,714.8	15,689.9	23.4

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[1] Estimated through all Canadian customs ports.

Table 1.6

Exports of British Columbia Products to the United States, Japan, United Kingdom and Other European Economic Community Countries

	United States				Japan			
	1977	1986	1987	Change 1986–1987	1977	1986	1987	Change 1986–1987
		($ millions)		(per cent)		($ millions)		(per cent)
Lumber	1,483.2	2,217.2	2,714.1	22.4	180.1	473.9	822.7	73.6
Shakes and shingles	130.9	234.2	184.8	−21.1	0.1	0.2	0.1	−50.0
Wood pulp	348.8	505.9	629.2	24.4	130.0	390.5	570.6	46.1
Newsprint	285.7	687.8	754.8	9.7	1.0	32.4	16.5	−49.1
Other paper and paperboard	17.6	114.0	135.5	18.9	19.4	37.4	29.0	−22.5
Aluminum ingots	93.6	118.1	75.3	−36.2	42.5	152.6	214.0	40.2
Zinc ingots	47.5	136.8	98.4	−28.1	0.4	3.9	3.2	−17.9
Lead ingots	31.5	24.1	23.1	−4.1	—	—	—	—
Copper concentrates	21.2	3.6	—	−100.0	214.2	365.7	446.1	22.0
Molybdenum concentrates	28.7	3.6	9.7	169.4	41.7	19.4	32.3	66.5
Natural gas	334.3	276.7	327.5	18.4	—	—	—	—
Coal	—	7.1	7.2	1.4	350.4	1,064.2	918.3	−13.7
Fish products	33.7	104.5	136.5	30.6	122.7	247.5	300.2	21.3
Gasoline, fuel oils	5.7	142.1	183.2	28.9	—	11.7	43.5	271.8
Machinery	63.0	150.9	157.9	4.6	0.9	2.3	4.9	113.0
Trucks	22.4	131.2	198.9	51.6	—	—	—	—
Electricity	86.3	45.6	204.2	347.8	—	—	—	—
Food, feed and beverages (non-fish)	52.3	129.2	144.8	12.1	42.6	35.5	33.1	−6.8
Silver in metals, ores and conc.	2.1	50.0	40.2	−19.6	9.0	43.7	53.9	23.3
Chemicals and related products	39.8	59.7	101.4	69.9	0.2	36.8	29.5	−19.8
Pulpwood chips	21.3	23.3	14.3	−38.6	3.5	43.5	50.4	15.9
Other	274.1	943.7	1,116.3	18.3	66.7	304.9	482.8	58.4
Total	3,423.7	6,109.3	7,257.3	18.8	1,225.4	3,266.1	4,051.1	24.0

	United Kingdom				Other European Economic Community Countries[2]			
	1977	1986	1987	Change 1986–1987	1977	1986	1987	Change 1986–1987
		($ millions)		(per cent)		($ millions)		(per cent)
Lumber	102.9	173.2	269.5	55.6	81.8	118.4	215.1	81.7
Plywood	37.8	49.1	52.1	6.1	32.8	31.0	28.6	−7.7
Wood pulp	84.3	71.3	95.3	33.7	352.2	587.4	868.3	47.8
Paper and paperboard[1]	25.5	43.3	58.1	34.2	31.1	37.9	50.2	32.5
Copper concentrates and ingots	—	—	—	—	22.9	1.9	23.6	1,142.1
Zinc ingots	29.1	27.2	26.4	−2.9	2.1	0.7	—	−100.0
Lead ingots	21.9	9.7	11.2	15.5	2.7	—	—	—
Molybdenum concentrates	13.4	5.7	3.8	−33.3	46.0	45.2	57.8	27.9
Asbestos fibres	4.4	4.3	2.7	−37.2	12.4	18.5	20.6	11.4
Canned salmon	25.6	85.9	88.4	2.9	13.6	25.3	30.0	18.6
Food, feed and beverages (non-fish)	3.1	9.5	9.8	3.2	4.8	9.5	14.0	47.4
Other	11.8	38.7	44.2	14.2	86.2	191.5	210.7	10.0
Total	359.8	517.9	661.5	27.7	688.6	1,067.3	1,518.9	42.3

---

[1] Includes newsprint.

[2] Ireland, Denmark, Belgium, Luxembourg, France, West Germany, Italy, Netherlands, Greece, Spain, Portugal.

Table 1.7

Exports of Forest and Mineral Products to Major Countries

	Forest Products				Minerals[1]			
	1977	1986	1987	Change 1986–1987	1977	1986	1987	Change 1986–1987
		($ millions)		(per cent)		($ millions)		(per cent)
United States	2,351.7	4,040.7	4,788.0	18.5	646.7	835.5	836.8	0.2
Japan	365.4	1,128.2	1,769.4	56.8	687.3	1,764.9	1,848.5	4.7
United Kingdom	251.7	340.9	486.7	42.8	72.2	63.4	56.4	−11.0
Other European Economic Community countries[2]	501.0	777.0	1,169.0	50.5	114.0	166.3	201.4	21.1
Australia	91.4	145.0	206.7	42.6	13.0	12.1	6.8	−43.8
People's Republic of China	13.4	108.5	199.1	83.5	10.6	79.8	54.3	−32.0
South Korea	17.0	75.8	115.8	52.8	41.9	292.5	263.5	−9.9
Other countries	208.3	452.3	553.5	22.4	117.8	361.7	348.4	−3.7
Total	3,799.9	7,068.4	9,288.2	31.4	1,703.5	3,576.2	3,616.1	1.1

---

[1] Includes metals in ores and concentrates (iron, lead, zinc, copper, molybdenum, etc.); coal, crude petroleum and natural gas; crude non-metallic minerals (asbestos, clays, sand and gravel, sulphur, limestone, etc.); refined non-ferrous metals (lead, zinc, silver, aluminum, etc.) and petroleum and coal products (butane, propane, fuel oil, gasoline, etc.).

[2] Ireland, Denmark, Belgium, Luxembourg, France, West Germany, Netherlands, Italy, Greece, Spain, Portugal.

Table 1.8

Canadian Imports by Commodity Group Through Customs Ports in British Columbia

	1977	1986	1987	Change 1986–1987
		($ millions)		(per cent)
Food, feed, beverages and tobacco	547.9	1,149.8	1,093.3	−4.9
Metal in ores, concentrates and scrap	148.1	194.5	179.8	−7.6
Other crude materials[1]	108.2	215.5	192.2	−10.8
Fabricated materials:				
iron, steel and alloys	186.3	336.3	364.0	8.2
chemicals, petroleum and coal products	128.9	311.9	360.5	15.6
wood products, pulp, paper and paperboard	131.6	274.8	299.6	9.0
textile fabricated materials	33.9	80.8	91.5	13.2
other fabricated materials[2]	164.0	358.1	384.8	7.5
Machinery, transportation and other equipment and tools	1,685.2	6,896.2	6,535.5	−5.2
Personal and household goods[3]	172.8	511.9	727.6	42.1
All other products[4]	220.3	690.1	717.7	4.0
Total	3,527.2	11,019.9	10,946.5	−0.7

---

[1] Includes inedible animal and vegetable products; non-fabricated wood and coal and petroleum products.

[2] Includes leather and rubber fabricated materials; oils, fats, waxes and derivatives; metal fabricated materials (excluding machinery and tools) and structural materials.

[3] Includes wearing apparel and accessories; house furnishings and utensils; toys, games and sporting goods; toiletries; jewellery and silverware.

[4] Includes magazines and newspapers; office supplies; photographic goods; firearms and medicinal and pharmaceutical products.

Table 1.9

Total Canadian Imports Through Customs Ports in British Columbia by Major Countries

	1977		1986		1987		Change in Value 1986–1987
	($ millions)	Per cent of total	($ millions)	Per cent of total	($ millions)	Per cent of total	(per cent)
United States	1,761.0	49.9	4,135.4	37.5	4,063.7	37.1	−1.7
Japan	887.7	25.2	4,075.4	37.0	4,102.4	37.5	0.7
Australia	163.8	4.6	183.6	1.7	181.9	1.7	−0.9
United Kingdom	86.9	2.5	111.3	1.0	125.3	1.1	12.6
Other European Economic Community countries[1]	139.2	4.0	523.1	4.7	502.4	4.6	−4.0
Other countries	488.6	13.8	1,991.1	18.1	1,970.8	18.0	−1.0
Total	3,527.2	100.0	11,019.9	100.0	10,946.5	100.0	−0.7

[1] Ireland, Denmark, Belgium, Luxembourg, France, West Germany, Netherlands, Italy, Greece, Spain, Portugal.

Table 2.1

Summary of Major Tax Changes Effective in 1987 and 1988 (to June 1, 1988)

Assessment Act

- Commencing September 30, 1987, the property tax assessment of private forest land is revised to encourage forest management.
- The phase-out of property taxes on machinery and equipment is completed effective for the 1987 and subsequent tax years.

Education (Interim) Finance Act

- The phased-in reduction of non-residential school tax rates on industrial and business/other property to a ratio of 2:1 of the residential school tax rate, is completed in 1987.
- The school tax rate on utilities properties is reduced from 3.5:1 to 2.5:1 relative to the residential school tax rate, commencing in 1987.
- Effective January 1, 1988, non-residential school tax rates on industrial and business/other property are increased to maintain a 2:1 relationship between non-residential and residential tax rates. Tax rates on farm and recreational property/non-profit organization property classes in most school districts are increased from about $6.34 per $1,000 to $7.30 per $1,000 of assessed value. Private forest land tax rates are changed and utility property rates are unchanged.

Corporation Capital Tax Act

- The tax is eliminated for all corporations except major banks and trust companies with paid-up capital in excess of $500 million for fiscal years ending after April 1, 1987.
- Effective April 1, 1987, provincial income tax is deductible from corporation capital tax otherwise payable.

Home Owner Grant Act

- The minimum amount of property tax payable after deduction of the basic home owner grant is raised to $350 effective January 1, 1987.
- Commencing in the 1987 taxation year, the minimum property tax payable to those receiving the supplementary home owner grant is increased from $1 to $100.

Hotel Room Tax Act

- The tax rate is increased from 7 per cent to 8 per cent, effective March 20, 1987.
- Effective March 20, 1987, municipalities, regional districts or other eligible entities may apply to have the provincial government levy an extra hotel room tax of up to 2 per cent on their behalf.
- Effective March 25, 1988, the exemption level for lodgings is increased from $10 to $20 per day.

Income Tax Act

- The general corporation income tax rate is reduced to 15 per cent, effective January 1, 1987, and to 14 per cent effective January 1, 1988.
- The corporation income tax rate for small businesses is increased from 8 per cent to 11 per cent, effective for taxation years ending after July 1, 1987.
- Commencing with the 1987 taxation year, British Columbia's personal income tax surtaxes are eliminated and the basic personal income tax rate is increased from 44.5 per cent to 51.5 per cent of basic federal tax.
- The corporation tax rate for small businesses is reduced from 11 per cent to 9 per cent, effective for taxation years ending after July 1, 1988.

Insurance (Motor Vehicle) Act

- The exemption for the Insurance Corporation of British Columbia from the insurance premium tax is eliminated effective April 1, 1987.

Insurance Premium Tax Act

- The exemption for British Columbia headquartered general insurance companies which was to have come into force on January 1, 1987 is repealed.
- Effective April 1, 1988, the tax rate on vehicle insurance premiums is increased from 3 per cent to 4 per cent.

Medical Services Act

- Effective May 1, 1988, Medical Services Plan premiums are increased from $42 to $58 per month for a family of three or more, from $37 to $52 for a family of two, and from $20 to $29 for single subscribers. Concurrent with these increases, the premium assistance program for lower income subscribers is enhanced.

Mineral Resource Tax Act

- Effective July 1, 1988, the mineral resource tax rate is reduced from 17.5 per cent to 15 per cent of taxable income.

Mining Tax Act

- Effective July 1, 1988, the mining tax rate on income earned from the extraction of coal and structural minerals is reduced from 15 per cent to 12.5 per cent.

Motor Fuel Tax Act

- Commencing April 1, 1987, the tax rate on leaded fuel is increased by 2 cents per litre and the transit levy is increased from 0.95 cents per litre to 2.5 cents per litre.
- The tax on gasohol, a combination of ethanol and gasoline, will be reduced by 2 cents per litre upon proclamation. At present, gasohol is taxed at the same rate as unleaded gasoline.
- Effective April 1, 1988, the ad valorem tax rate on highway fuels is increased from 20 per cent of the pre-tax price to 22.5 per cent and, effective April 15, 1988, the transit levy is increased from 2.5 cents per litre to 3.0 cents per litre.

Table 2.1

Summary of Major Tax Changes Effective in 1987 and 1988 (to June 1, 1988) — *Continued*

Property Purchase Tax Act

- Effective March 23, 1987, the ad valorem land registration fees were replaced by a property purchase tax imposed at a rate of 1 per cent on the first $200,000 of value transferred and 2 per cent on value in excess of $200,000.

Social Service Tax Act

- Effective March 20, 1987, the following changes are introduced:
  - —a tax rate reduction from 7 per cent to 6 per cent;
  - —an exemption for knitting yarns and natural fibres;
  - —an exemption for grinding media, drill bits and explosives used in the mining industry;
  - —an exemption for certain items used in the agriculture and aquaculture industries;
  - —an exemption for all restaurant meals (previously restaurant meals of $7 or more were subject to tax);
  - —an exemption or refund in cases of repossessions, sale and leaseback arrangements, and purchases of claiming horses where the items are re-acquired by the same owner; and,
  - —elimination of the exemption for leases under one month.
- Effective May 26, 1987, property, purchased tax-exempt by an Indian or band on a reserve, becomes taxable if it is subsequently used off the reserve.
- Effective May 26, 1987, the exemptions for direct agents and raw materials are clarified to ensure that energy inputs are taxable.
- Effective April 1, 1988, the tax rate on all liquor, including previously exempt draught beer, is increased to 10 per cent and the exemption for pesticides is eliminated except for purchases by bona fide farmers for farm purposes.

Taxation (Rural Area) Act

- Effective January 1, 1988, certain rural area tax rates for residential and recreational non-profit organization classes are increased from $1.40 to $1.70 per $1,000 of actual value.
- Effective January 1, 1989, certain rural area tax rates are increased: for residential and recreational non-profit organization property, from $1.70 to $2.30 per $1,000 of assessed value, and for major industry, light industry and, business/other to $4.60 per $1,000 of assessed value.

Tobacco Tax Act

- Effective March 25, 1988, and subject to future indexing adjustments, the tax rate on cigarettes is increased by approximately 9 per cent from $1.04 to $1.13 per package of 25 cigarettes.

Tourist Accommodation (Assessment Relief) Act

- Effective January 1, 1989, tourist accommodation facilities will receive a deduction for property tax purposes equal to 50 per cent of their assessed value, up to a maximum deduction of $150,000 from assessed value with a phase out of this exemption for properties valued over $2 million.

Table 2.2

Comparative Provincial Tax Rates, September 1, 1988

	British Columbia	Alberta	Saskat-chewan	Manitoba	Ontario	Quebec	New Brunswick	Nova Scotia	Prince Edward Island	New-foundland
Provincial personal income tax (per cent of family income)[1]	7.6	7.4	9.5	9.0	7.6	10.8	8.9	8.4	8.4	8.9
Corporation income tax (per cent of taxable income)										
General rate	14	15	17[2]	17	15.5	5.9	16	15	10	16
Small business rate	9	5	10	10	10	3.22	5	10	10	10
Corporation capital tax (per cent of taxable paid up capital)										
Non-financial corporations	*Nil*	*Nil*	0.5[3]	0.3	0.3[4]	0.48	*Nil*	*Nil*	*Nil*	*Nil*
Financial institutions	2.0[5]	*Nil*	3.0	3.0	0.8	0.97	3.0	1.5	1.5	2.0
Insurance premiums tax[6] (per cent)	2–3	2–3	2–3	2–3	2–3.5	2–3	2–3	2–3	2	4–12[7]
Gasoline tax[8] Cents per litre	8.08	5.0	7.0[9]	8.0	9.3	14.4	8.5	8.6	8.7	9.8
Retail sales tax (per cent)	6	*Nil*	7	7	8	9	11	10	10	12
Tobacco tax (cents per package of 25 cigarettes)[10]	120	100	142	162[11]	124	113	146.5	112.5	117.5	158

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[1] Calculated for a single wage earner with an income of $40,000 per year, a dependent spouse and two dependent children.

[2] Saskatchewan rate will be reduced to 15 per cent effective January 1, 1989.

[3] Large Saskatchewan resource corporations assessed a 2 per cent surcharge on the value of Saskatchewan resource sales.

[4] Lower rates for corporations with less than $2.3 million in taxable capital.

[5] British Columbia income tax paid may be deducted from corporation capital tax liability.

[6] The lower rate applies to premiums for life, sickness and accident insurance, the higher rate applies to premiums for property insurance (excluding motor vehicles).

[7] Newfoundland sales tax is payable by the insuree on property insurance premiums.

[8] Tax rate is for regular unleaded fuel used on highways.

[9] Saskatchewan residents eligible for rebate of tax on fuel purchased in Saskatchewan.

[10] Includes provincial sales tax where applicable.

[11] Effective September 12, 1988.

Table 2.3

Provincial Taxes

Type	Title and Statutory Reference	Tax Base	Tax Rate	Characteristics
Income	*Income Tax Act* (R.S.B.C. 1979, c. 190; 1980, c. 12, s. 7; 1980, c. 50, s. 46; 1981, c. 6; 1982, c. 18; c. 58; 1983, c. 18, 1984, c. 6; c. 13; 1985, c. 31, c. 37; 1986, c. 10, c. 11; 1987, c. 8; c. 43, s. 38–41; 1988, c. 14; c. 40)	Net income: (1) Corporation	14% of taxable income (9% for small businesses)	Collected under agreement by Revenue Canada. Refundable venture capital tax credit for individuals, non-refundable venture capital tax credit for corporations; other non-refundable tax credits for claims against personal and corporate income tax include. Logging Tax Credit, Provincial Political Contributions Tax Credit and Provincial Royalty Tax Rebate.
		(2) Personal	51.5% of basic federal tax payable	
Capital	*Corporation Capital Tax Act* (R.S.B.C. 1979, c. 69; 1980, c. 4; c. 36, s. 16; 1982, c. 6; c. 43, s. 8; 1983, c. 6, s. 1-2; 1985, c. 24; 1987, c. 4; c. 18, s. 1)	Taxable paid-up capital of $500,000 or more for taxation years ending after April 1, 1987	Banks and Trust Companies: 2% if taxable capital exceeds $500 million	Exemptions—Effective April 1, 1987, the tax only applies to large banks and trust companies.
Real Property Transfers	*Property Purchase Tax Act*, S.B.C. 1987, c. 15; c. 44, s. 37; c. 64)	Fair market value of property or interest in property transferred	1% on the first $200,000 of value transferred and 2% on amounts in excess of $200,000	Numerous exemptions are provided, including the transfer of a principal residence, recreational residence or family farm to a related individual, an inter-spousal transfer of property pursuant to a written separation agreement or court order, transfers of property to local governments, transfers of property to registered charities and educational institutions, transfers of property to veterans under the *Veterans' Land Act* (Canada), and transfers of leases of less than 31 years' duration. A number of technical exemptions are also provided.
Retail sales	*Social Service Tax Act* (R.S.B.C. 1979, c. 388; 1980, c. 52; c. 10, s. 119; c. 49, s. 12; 1981, c. 8; c. 29; c. 15, s. 159–160; 1982, c. 39; 1983, c. 27; c. 6, s. 30–34; c. 20, s. 49–51; 1985, c. 32; 1986, c. 23, s. 16–22; 1987, c. 17; c. 18, ss. 15–20; 1988, c. 25; c. 45, s. 29–31; c. 46, s. 54)	Purchase and lease price of tangible personal property	General rate 6% Liquor 10%	Collected through vendors and lessors registered under the act, and paid by purchaser and lessees. The many exemptions generally fall into four categories: (1) Items considered to be basic necessities of life such as food, children's clothing and prescription medicaments; (2) Assistance to certain industries such as the exemption of special equipment used by *bona fide* farmers, fishermen and aquaculturists and the exemption of grinding media, explosives and drill bits used in mining; (3) Safety related equipment such as high visibility vests, steel toed boots and life jackets. (4) Energy conservation products including heat pumps, insulation material and wood stoves.
Accommodation	*Hotel Room Tax Act* (R.S.B.C. 1979, c. 183; 1981, c. 5, s. 31–32; c. 15, s. 103; 1982, c. 10, s. 12–22; 1983, c. 6, s. 13–16; 1984, c. 4; c. 26, s. 73; 1985, c. 27; 1986, c. 23, s. 6–8; 1987, c. 7; c. 18, s. 6; 1988, c. 45, s. 15)	Purchase price of accommodation	8%. Eligible local governments may apply to have the province levy an additional tax of up to 2% in specified areas on their behalf	Exemptions include accommodations rented for a period in excess of two months; lodging provided in hospitals and nursing homes; lodging supplied to employees by employers, lodging on ships or trains, hotel rooms not used for accommodation, charges of $20 or less per day; charitable institutions; trailer parks and campsites; and establishments with accommodations for less than four tenants.
Tobacco	*Tobacco Tax Act* (R.S.B.C. 1979, c. 404; 1981, c. 5, s. 55–57; c. 15, s. 164; 1982, c. 29; 1983, c. 11; c. 6, s. 38–40; 1985, c. 33; 1987, c. 7; c. 18, s. 23; 1988, c. 28; c. 45, s. 32–33)	By cigarette, cigar retail price, and weight on other tobacco products	4.80¢ per cigarette; 4¢ to 33¢ per cigar, 77% of retail price on cigars of more than 49¢ to a maximum tax of $2.50 per cigar; 25.5¢ per ½ oz. of tobacco (or 46.5¢ for 25 grams)	Tax rates on cigarettes and tobacco adjusted semi-annually, based on Vancouver consumer price index subcomponent for tobacco products. Rates quoted effective September 1, 1988 to February 28, 1989

Table 2.3

Provincial Taxes—*Continued*

Type	Title and Statutory Reference	Tax Base	Tax Rate	Characteristics
Motor fuel	*Motor Fuel Tax Act* (S.B.C. 1985, c. 76; 1986, c. 18; 1987, c. 13; 1988, c. 21; c. 45, s. 25–26)			Tax rates are adjusted quarterly. All quoted rates effective July 1, 1988 to September 30, 1988. The tax generally applies to all fuels used in internal combustion engines. Different tax rates apply to fuels used for different purposes. Compressed natural gas and propane used to propel motor vehicles are exempt. Handicapped persons who drive their own vehicles are entitled to refunds of tax paid under the Act.
		Clear gasoline (unleaded)	8.08c per litre	Tax rate is 22.5% of pretax retail price for gasoline.
		Clear gasoline (leaded)	10.08c per litre	Tax rate is the rate for unleaded gasoline plus 2c per litre.
		Motive fuel	8.52c per litre	Tax rate is the rate for unleaded gasoline plus 0.44c per litre. Tax applies to any fuel except leaded and unleaded gasoline, gasohol, natural gas, propane and butane used in a motor vehicle. Refunds are available for motive fuel used in private passenger vehicles.
		Coloured fuel, marine diesel fuel	2.51c per litre	Tax rate is 7% of pretax Vancouver retail price for gasoline. Coloured fuel may only be used for specified primary production and industrial uses.
		Aviation and locomotive fuel	2.51c per litre	Tax rate is 7% of pretax Vancouver retail price for gasoline. Tax applies to aviation fuel purchased or loaded into the fuel tank of an aircraft within British Columbia. Tax applies to locomotive fuel used within the province.
		Natural gas used in stationary engines	7% of purchase price if purchased, 1.1c per 810.32 litres if used but not purchased	Tax applies to natural gas used in stationary engines other than pipeline compressors.
		Natural gas used in pipeline compressors	1.1c per 810.32 litres	Tax applies to natural gas used in a stationary engine at a natural gas or oil pipeline compressor station.
		Marine bunker	7% of purchase price	Tax applies to bunker fuel, or a combination of bunker and other fuels used as fuel in a ship.
Race-meetings	*Horse Racing Tax Act* (R.S.B.C. 1979, c. 175; 1980, c. 19; 1982, c. 10, s. 9-10; 1986, c. 23, s. 4–5; 1987, c. 18, s. 5; 1988, c. 13)	Parimutuel betting pool	7%	4% of tax paid to increase purses, maintain a breeders incentive fund, make grants for breeders societies, operate race courses and horse racing meets, for equine health research, and for capital construction projects and related research costs. Net rate to province is 3%.
Natural resources	*Logging Tax Act* (R.S.B.C. 1979, c. 248; 1981, c. 5, s. 36–38; 1982, c. 10, s. 26-27; 1983, c. 6, s. 19-20; 1984, c. 7, s. 15; 1986, c. 23, s. 11–13; 1987, c. 18, s. 11–12)	Net income from logging	10% (Fully recoverable against federal and provincial corporation income tax)	Net income from logging after deducting investment and non-forestry income and a processing allowance.
	Mining Tax Act (R.S.B.C. 1979, c. 267; 1980, c. 12, s. 10-11; 1981, c. 5, s. 39–41; 1982, c. 10, s. 28-29; 1983, c. 6, s. 21-22; 1986, c. 23, s. 14–15; 1987, c. 18, s. 13–14; 1988, c. 20)	All income from mining operations if mining income exceeds $50,000	12.5% effective July 1, 1988	Net income from mining after deducting investment and non-mining income and a processing allowance. Tax not applicable to petroleum, natural gas, or minerals taxed under the *Mineral Resource Tax Act*.
	Mineral Resource Tax Act (R.S.B.C. 1979, c. 263; 1980, c. 27; 1982, c. 43, s. 18–22; 1988, c. 19)	Net income from individual mining operations (metallic minerals) other than coal, sand, gravel and certain other industrial minerals. No tax on first $50,000 for unincorporated mines or partnerships	15% effective July 1, 1988	Net income after deductions including: accelerated capital cost allowances, exploration and development expenses, depletion and processing allowances. Tax is calculated on a mine by mine basis.

Table 2.3

Provincial Taxes—*Continued*

Type	Title and Statutory Reference	Tax Base	Tax Rate	Characteristics
	Mineral Land Tax Act (R.S.B.C. 1979, c. 260; 1980, c. 35; 1981, c. 19; c. 20)	Assessed value of freehold mineral land and production tracts	Basic undesignated mineral land: 62c–$2.47 per hectare Producing land: $12.50 per $1,000 of assessed value	Rates of tax set on sliding scale, dependent on amount and designation of land. The assessed value of production tracts is based on the value of mineral production from the tract in the previous year.
Insurance	*Insurance Premium Tax Act* (R.S.B.C. 1979, c. 205; 1980, c. 12, 5, 8, 9; 1981, c. 5, s. 34; 1982, c. 10, s. 24; 1983, c. 6, s. 17-18; c. 20, s. 27; 1985, c. 28; 1986, c. 13; 1987, c. 11; c. 18, s. 9–10; 1988, c. 15)	Direct premiums written	4% for vehicle insurance, 3% for general insurance; 2% for life, sickness, personal accident and loss of salary and wages insurance. Marine pleasure craft premiums taxed at 3%	Exemptions—Benefit societies; mutual corporations with 50% of income from farm or 100% from religious, educational, or charitable institutions; marine, except pleasure craft; approved medical or hospitalization plans.
	Fire Services Act (R.S.B.C. 1979, c. 133; 1980, c. 13; 1981, c. 15, s. 95; 1982, c. 49; 1987, c. 18, s. 2–3; 1988, c. 15, s. 3)	Direct premiums written for fire hazard	1%	Exemptions—Insurance Corporation of British Columbia (basic automobile insurance only).
Real property	*Taxation (Rural Area) Act* (R.S.B.C. 1979, c. 400; 1980, c. 12, s. 17-18; c. 18, s. 21-22; c. 49, s. 14; 1981, c. 5, s. 52-54; 1982, c. 27-28; 1983, c. 24, s. 37; c. 6, s. 36-37; c. 20, s. 52; 1984, c. 25, s. 65; 1985, c. 20, s. 37, 38; 1987, c. 2, s. 4; c. 31; c. 18, s. 21–22; 1988, c. 27)	Assessed value of land and improvements in rural areas (outside municipalities). Assessment determined under *Assessment Act*		Property is assessed at actual value. Different tax rates apply to different classes of property.
			Residential: 0.17%, increasing to 0.23% Jan. 1, 1989	Residential property and vacant land having no present use which is not specifically held for business, commercial, forestry or industrial purposes.
			Utilities: 0.46%	Property used or held for transportation by railway, transportation by pipeline, communication by telephone or telegraph, transmission of electricity or transmission of closed circuit television.
			Unmanaged Forest: 0.4%, increasing to 0.46% Jan. 1, 1989	Land that has the growing of trees as its best use that is not a managed forest.
			Major Industry: 0.44%, increasing to 0.46% Jan. 1, 1989	Property used for specified major industrial purposes.
			Light Industry: 0.44%, increasing to 0.46% Jan. 1, 1989	Property other than major industry property, used for extracting, processing, manufacturing, transporting or storing of products.
			Managed Forest: 0.05%	Land that has the growing of trees as its best use, that is a managed forest.
			Recreational Property Non-profit Organization: 0.17%, increasing to 0.23% Jan. 1, 1989	Property used on a seasonal basis to provide overnight sleeping accommodation, land used for specified outdoor recreational activites and property used by non-profit organizations under specified conditions. The seasonal class is eliminated for the 1989 tax year.
			Farm: 0.05%	Land used for farming. Improvements on farmland exempt, fruit trees exempt. Assessed at value as a farm.
			Business Other: 0.32%, increasing to 0.46% effective Jan. 1, 1989	All property not contained in any other class.
Non-residential school tax	*Education (Interim) Finance Act* (S.B.C. 1982, c. 2; 1982, c. 76, s. 12; 1983, c 10, s. 21; c. 14, s. 1–2; c. 20, s. 12–14; c. 23, s. 17, c. 24, s. 14–16; 1984, c. 18, s. 1–10; 1985, c. 20, s. 19, 20; 1986, c. 7; 1988, c. 46, s. 22–24)	Assessed value of non-residential land and improvements. Assessment determined under *Assessment Act*	Tax rates vary by class of property and school district	Tax revenue is used to finance public schools education.

APPENDIX 3

Table 3.1

Major Provincial Programs for Local Government

Type	Statutory Reference	Basis	Rate	Remarks
PROVINCIAL GOVERNMENT PROPERTY				
Provincial government property grant	*Municipal Aid Act*	Assessed value of improved properties	The individual tax rates of the municipality and regional district containing the property	Grants in lieu of taxes
REVENUE SHARING				
Unconditional municipal grant	*Revenue Sharing Act*	Municipal population, expenditure and assessment	80 per cent of available funds distributed in proportion to population; 20 per cent in proportion to expenditure and assessment	Largest single source of municipal grants
Basic municipal grant	*Revenue Sharing Act*	Municipal status	$40,000 minimum per municipality; $80,000 maximum	Unconditional
Water facilities assistance (old)	*Revenue Sharing Act*	Local area taxable capacity	75 per cent of excess annual debt-servicing cost over a basic 2½ mill real property tax levy	Grants continuing until expiry of approved debt
Sewerage facilities assistance (old)	*Revenue Sharing Act*	Local area taxable capacity	75 per cent of excess annual debt-servicing cost over a basic 2½ mill real property tax levy	Grants continuing until expiry of approved debt
Water facilities assistance (new)	*Revenue Sharing Act*	Capital cost of approved projects	25–50 per cent of approved costs, subject to other limits and high cost grant	Replaced "old" program in 1983
Sewerage facilities assistance (new)	*Revenue Sharing Act*	Capital cost of approved projects	25–50 per cent of approved costs, subject to other limits and high cost grant	Replaced "old" program in 1983
Major municipal highway grants	*Revenue Sharing Act*	Approved construction or acquisition costs	50 per cent of shareable costs	Designed to promote transportation networks and associated land use
Municipal planning grants	*Revenue Sharing Act*	Approved costs for plan preparation	Amount varies according to approved planning costs	Annual ceiling of $2 million
Regional district basic grant	*Revenue Sharing Act*	Regional district status	$30,000 per regional district	Unconditional
Regional district administration grant	*Revenue Sharing Act*	Regional district status	$30,000 per regional district	Unconditional
Regional district planning grant	*Revenue Sharing Act*	Approved costs for plan preparation	Amount varies according to approved planning costs	Annual ceiling of $1 million
Restructuring assistance	*Revenue Sharing Act*	Restructure studies and grants	Amount varies according to policing costs, property taxation and per capita grant	Annual ceiling of $4 million
Transmission line assistance	*Revenue Sharing Act*	Approved costs for installing existing utility lines underground	Cost shared equally between province, municipality and utilities	Designed to promote urban beautification
Study grants	*Revenue Sharing Act*	Approved sewer and water study costs	100 per cent of first $5,000; 50 per cent of balance to a maximum $15,000 grant	Assists with capital works evaluation
Stabilization	*Revenue Sharing Act*	Special account for grant stabilization	Annual contribution based on formula	Established to reduce the impact of provincial revenue fluctuations on grant programs

Appendix 4: Crown Corporations and Agencies

Table 4.1
Major British Columbia Crown Corporations and Agencies

Corporate Entity	Statutory Authority	Minister Responsible	Functions
British Columbia Assessment Authority	*Assessment Authority Act*	Minister of Finance and Corporate Relations	Assessment of all real property within the province for taxation purposes.
British Columbia Hydro and Power Authority	*Hydro and Power Authority Act*	Minister of Energy, Mines and Petroleum Resources	Generation, transmission and distribution of electricity.
British Columbia Railway Company	*British Columbia Railway Act*	Minister of Transportation and Highways	Operation of railway.
Insurance Corporation of British Columbia	*Insurance Corporation Act*	Minister of Labour and Consumer Services	Provision of automobile insurance.
British Columbia Ferry Corporation	*Ferry Corporation Act*	Minister of Transportation and Highways	Operation of coastal ferry service.
British Columbia Petroleum Corporation	*Petroleum Corporation Act*	Minister of Energy, Mines and Petroleum Resources	Purchase and resale of natural gas and natural gas by-products.
British Columbia Steamship Company (1975) Ltd.	*Ministry of Transportation and Highways Act; Canada Corporations Act*	Minister of Finance and Corporate Relations	Operation of daily summer ferry service between Victoria and Seattle, Washington.
Provincial Rental Housing Corporation	*Ministry of Social Services and Housing Act; Company Act*	Minister of Social Services and Housing	Holding provincial ownership in public housing units.
British Columbia Housing Management Commission	*Ministry of Social Services and Housing Act*	Minister of Social Services and Housing	Management of provincial and federal-provincial public housing units and administration of rent supplement programs.
British Columbia Buildings Corporation	*British Columbia Buildings Corporation Act*	Minister of Government Management Services	Provision of accommodation for government ministries and certain government entities.
British Columbia Systems Corporation	*System Act*	Minister of Government Management Services	Provision of data processing services for government ministries and certain government entities.
British Columbia School Districts Capital Financing Authority	*School District Capital Finance Act*	Minister of Finance and Corporate Relations	Provision of capital funds required by school districts.
British Columbia Regional Hospital Districts Financing Authority	*Hospital District Finance Act*	Minister of Finance and Corporate Relations	Provision of capital funds required by regional hospital districts.
British Columbia Educational Institutions Capital Financing Authority	*Educational Institution Capital Finance Act*	Minister of Finance and Corporate Relations	Provision of capital funds required by universities, colleges and institutes.
British Columbia Transit	*British Columbia Transit Act*	Minister of Municipal Affairs, Recreation and Culture	Provision and maintenance of public transportation systems.
Liquor Distribution Branch	*Liquor Distribution Act*	Minister of Labour and Consumer Services	Purchase, distribution and sale of alcoholic beverages.
Provincial Capital Commission	*Capital Commission Act*	Minister of Municipal Affairs, Recreation and Culture	Protection and enhancement of the Capital Improvement District and management of properties in Commission control.
British Columbia Enterprise Corporation	*British Columbia Enterprise Corporation Act*	Minister of Government Management Services	Joint enterprise land development and administration of economic development programs.
British Columbia Lottery Corporation	*Lottery Corporation Act*	Minister of Tourism and Provincial Secretary	Development, conduct and management of lottery operations on behalf of the provincial government, and in conjunction with the governments of other provinces.
B.C. Pavilion Corporation	*British Columbia Place Act*	Minister of Government Management Services	Management of public facilities including the Vancouver Trade and Convention Centre, British Columbia Place Stadium, British Columbia Enterprise Centre and Expo Theatre.

Table 5.1

Major Provincial Programs for People

Type	Statutory Reference	Basis	Rate	Remarks
EDUCATION PROGRAMS				
Public schools	*School Act, Education (Interim) Finance Act*	Approved operating and capital costs of each school district	(a) Under the *Education (Interim) Finance Act*, introduced in 1982 83, the province pays a base grant to each school district consisting of a percentage of the district's shareable operating expenses. School districts are eligible for an additional grant determined on the basis of wealth as measured by the residential assessed values per pupil. The shareable operating expenses, and the percentages applicable to the calculations of the base grant and additional grant are determined annually based on enrolments, approved levels of service and other budgetary requirements (b) The province funds 87 per cent of debt service costs through voted appropriations and non-residential property taxes. The remaining 13 per cent is funded through residential property taxes	Statutory levy on non-residential property is determined annually.
Independent schools	*School Support (Independent) Act*	Operating support contributions (number of students and type of program)	Based on 10 per cent (Group 1) and 35 per cent (Group 2) of the public school per pupil operating cost	
Universities	*University Act*	Operating contributions	(a) Contributions for operating expenses approved by the Ministry of Advanced Education and Job Training	
		Capital contributions	(b) Full cost of servicing debt for approved capital projects and acquisition of certain equipment items	
Colleges and Provincial Institutes	*College and Institute Act*	Operating contributions (number of students and type of program)	(a) Contributions for operating expenses approved by the Ministry of Advanced Education and Job Training	
		Capital contributions	(b) Full cost of servicing debt for approved capital projects and acquisition of minor capital items	
British Columbia Institute of Technology	*Institute of Technology Act*	Operating contributions (number of students and type of program)	(a) Contributions for operating expenses approved by the Ministry of Advanced Education and Job Training	
		Capital contributions	(b) Full cost of servicing debt for approved capital projects and acquisition of minor capital items	
Student Financial Assistance	*College and Institute Act*	Need	Loans repaid above $12,000 for a first degree and above $16,000 for a second degree; loans and grants provided up to $6,200 for single students and up to $8,400 for students with dependents; other special assistance programs also available	
Open Learning Agency	*Open Learning Agency Act*	Operating contributions	(a) Contributions for operating expenses approved by Ministry of Advanced Education and Job Training (b) Full cost of servicing debt for approved capital projects and acquisition of certain equipment items	
HEALTH PROGRAMS				
Hospital care (including construction and equipment)	*Hospital Insurance Act*	In-patient care (includes acute, rehabilitation and extended care)	Payment of direct operating contributions to hospitals for care of all qualified provincial residents	Patient charge of $16.90 *per diem* (adjusted quarterly) for extended care (not applicable for persons under the age of 19).
		Out-patient care	Payment made for a wide range of services, including day-care surgery	
		Hospital equipment	Contributions of 33 to 100 per cent on major moveable depreciable equipment	
	Hospital District Act	Approved capital costs	60 per cent of debt service costs for approved construction and fixed equipment up to an amount equalling a levy, as prescribed in the Act, on the net taxable value of land and improvements, plus 80 per cent of any remaining expense	
Continuing care				
(A) Residential care	*Community Care Facility Act*	Need	Individual pays 85 per cent of the OAS GIS rate *per diem* for basic accommodation; province provides balance	Includes private hospitals, community care facilities and extended care hospitals.
(B) Home care				
(a) Home nursing care and home preparation		Need	Province pays 100 per cent	
(b) Homemaker services	*Guaranteed Available Income for Need Act*	Need	User charge levied based on income	Province pays up to 100 per cent (including federal government contributions minus the user contribution).

Table 5.1

Major Provincial Programs for People—*Continued*

Type	Statutory Reference	Basis	Rate	Remarks
Medical services	*Medical Service Act*	Premium rates	Medical services monthly premium rates effective May 1, 1988, are: $29 per single person, $52 per family of two and $58 per family of three or more	
		Income or need	Subsidy of 95 per cent of medical care premiums for those with taxable income in previous year and estimated taxable income in current year of $2,500 or less; 55 per cent subsidy for those with taxable income between $2,500 and $6,500	
Ambulance service	*Health Emergency Act*	Transportation, resuscitation and advanced life support	Net cost paid by province	Patient (resident of province) charged fee of $35 plus 35 cents per kilometre over 40 kilometres, up to a maximum $216.
Pharmacare	*Guaranteed Available Income for Need Act*	Age or income	(a) Free prescription drugs for persons aged 65 and over, long-term care residents and unemployable and handicapped GAIN clients; persons aged 65 and over pay 75 per cent of dispensing fees to an annual maximum of $125 after which full benefits are provided by Pharmacare (b) 80 per cent subsidy of prescription drug costs over $300 for a family or for a single person in each calendar year	Province pays 100 per cent (including federal contribution).
PROPERTY TAX RELIEF PROGRAMS				
Home owner property tax grants	*Home Owner Grant Act*	Per eligible home owner	$380 plus additional $250 for home owners 65 and over, for certain persons on income assistance or pension and for eligible handicapped persons	Minimum tax payable, $350; $100 if eligible for supplemental grant; applies first to school taxes.
Real property tax deferment	*Land Tax Deferment Act*	Per resident home owner age 65 or over, widowed spouse, handicapped	Deferment of 100 per cent of net property tax	Deferred taxes allowed only where property is owner occupied. Effective with 1988 property taxes mobile homes may also qualify.
HOUSING PROGRAMS				
B.C. Housing Management Commission	*Ministry of Lands, Parks and Housing Act*	Income and housing need	Rent is subsidized to 30 per cent of income for units operated by BCHMC and designated units in non-profit and private market housing	
B.C. Second Mortgage	*Home Purchase Assistance Act*	Established residency and home cost	Second mortgage of up to $10,000 providing applicant has not benefitted previously	Application may be made within one year after purchase of home; available on new or used housing under $85,000 in value.
Non-Profit Program	*Ministry of Lands, Parks and Housing Act*	Seniors, families and older singles in core housing need	Operating subsidies for the difference between 30 per cent of clients' income and the economic rent for the unit	Province may lease site to sponsor.
Special Purpose Housing	*Ministry of Lands, Parks and Housing Act*	Group homes for the mentally and physically disabled, and others; intermediate care	Mortgage interest written down to 2 per cent	Operating subsidies are provided by the Ministries of Health and Social Services and Housing.
INCOME ASSISTANCE AND SOCIAL PROGRAMS				
Income assistance (social allowance, age benefits and supplement to old age security, and handicapped persons' income assistance)	*Guaranteed Available Income for Need Act*	Income and need	Benefits are determined by factors such as length of time on Income Assistance, family size and employability	Province pays 100 per cent of allowance and recovers 50 per cent in federal contributions in most cases.
		Disability and need	Single handicapped person, $583 monthly maximum; couple, with one person handicapped, $914 monthly; couple, both persons handicapped, $1,057	Province pays 100 per cent of cost and recovers 50 per cent in federal contributions in most cases.
Elderly renters' assistance	*Shelter Aid for Elderly Renters Act*	Tenants age 65 and over receiving Old Age Security and in financial need	Monthly payments equal to 75 per cent of rent in excess of 30 per cent of income	Maximum claimable rent of $365 per month for a couple and $330 per month for a single person.
Health care services	*Guaranteed Available Income for Need Act*	Need	Comprehensive health care to some recipients of income assistance and to children in care	Province pays 50 to 100 per cent, depending on the type of expenditure and the amount of federal contribution.
Services for the mentally retarded	*Guaranteed Available Income for Need Act*	Income or need	Institutional and community based residential care; achievement centres; community living skills	Province pays up to 100 per cent according to type of expenditure (including federal contribution).
Family support homemaker services	*Guaranteed Available Income for Need Act*	Need	Temporary homemaker services for families and individuals	Province pays up to 100 per cent (including federal contribution).
Child day care and special needs day care	*Guaranteed Available Income for Need Act*	Income and need	Subsidy for each child	Province pays up to 100 per cent (including federal contribution).
		Approved emergency repair or relocation costs	Grants to non-profit daycare centres up to $5,000	Province pays 100 per cent (including federal contribution).
Infant development program	*Guaranteed Available Income for Need Act*	Need	Fully subsidized	

Table 5.1

Major Provincial Programs for People—*Continued*

Type	Statutory Reference	Basis	Rate	Remarks
Family and children's services (protection services, payments to foster, group and special care homes, special services to children, rehabilitation resources, family support, homemaker services and adoption programs)	*Family and Child Service Act*	Need and or income	(a) Foster care rates effective October 1987: $244.89 to $361.22 per month according to age; special rates for authorized care or services (b) Other services provided through a contracted basis, subsidy to parents, or contributions to a community agency	Province pays up to 100 per cent according to type of expenditure (including federal contribution).
Community projects	*Guaranteed Available Income for Need Act*	Approved operating costs	Contributions for various community-based projects and services, including crisis centres, family support and counselling, youth programs, programs for handicapped, volunteer bureaus and multi-service agencies	Province pays 100 per cent (including federal contribution).
Assistance to Employment (Incentive allowance, employment opportunity program, community tourism employment training program, environment youth program, job action, work clothing and transportation, education and training assistance, work activity projects and employment incentives for the handicapped)	*Guaranteed Available Income for Need Act*	Income and Need	Assistance and incentives vary among programs	Various forms of incentives and assistance to prepare income assistance recipients for return to work.
OTHER PROGRAMS				
Highways	*Highway Act*	Provincial highways in municipalities	Arterials, 100 per cent; secondary, 50 per cent for capital works, 40 per cent for maintenance	
Urban transit	*British Columbia Transit Act*	Planning and funding of transit services	Shared-cost formula with users, the province and municipalities contributing	
Regional and community parks	*Park (Regional) Act, Ministry of Environment and Parks Act*	Assistance to municipalities and regional districts through the provision of Crown grants for regional and community park purposes		
Library grants	*Library Act*	Population served (and area served in the case of regionally organized libraries)	Rates are established annually	
Provincial guaranteed debt	...	...	Guarantees for debt of municipalities and other local entities for water, sewerage, drainage, schools, post-secondary institutions, hospitals, etc.	Province provides grants covering specified proportions of debt-service costs.

Table 6.1

Physical Attributes of British Columbia

Geography	The province of British Columbia is located on the Pacific coast and has a land and freshwater area of 95 million hectares. It is the third largest Canadian province, comprising 9.5 per cent of Canada's land area. The province's 7,022-kilometre coastline supports a large shipping industry through ice-free, deep-water ports. The province has about 54 million hectares of forest, 2.7 million hectares of arable land, 6.6 million hectares of grazing land and 3.6 million hectares of lakes and rivers.
Geology	Mineral deposits are widespread. Copper occurs along the coast and often occurs with molybdenum, iron and tungsten in the Interior. The Southeast has lead/zinc deposits, sometimes occurring with silver. Gold is found in several regions. The Northeast has oil and gas deposits east of the Rocky Mountains. Although no commercial discoveries of petroleum have been made west of the Rockies, exploratory drilling has been done in the Interior and on the continental shelf. The northeastern and southeastern regions of the province and the east coast of Vancouver Island have extensive coal reserves.
Climate	The Coast Region has abundant rainfall and mild temperatures. In the warmer south, rainfall ranges from 65 to 130 centimetres per year, concentrated in the winter months. Elsewhere on the Coast, rainfall ranges from 130 to 380 centimetres per year. The Interior Region, east of the Coastal Mountains and west of the Rocky Mountains, has a continental climate, with low precipitation and seasonal temperature extremes. In the cooler north, annual precipitation is slightly higher than in the south, and the frost-free period is short and unreliable. The Northeast Region is a northern extension of the Alberta prairie, with a climate more extreme than the Northern Interior and summers long enough to grow a variety of crops.

Table 6.2

Volume of Mature Timber

Species	Coast Volume	Per Cent of Coast	Interior Volume	Per Cent of Interior	Total Volume	Per Cent of Total
	(thousand cubic metres)		(thousand cubic metres)		(thousand cubic metres)	
Hemlock	1,244,364	40.3	583,727	10.5	1,828,091	21.1
Spruce	152,410	4.9	1,635,469	29.5	1,787,879	20.7
Balsam	497,349	16.1	1,132,603	20.4	1,629,952	18.9
Lodgepole pine	23,503	0.8	1,396,588	25.1	1,420,091	16.4
Red Cedar	715,853	23.2	172,827	3.1	888,680	10.3
Douglas fir	275,740	8.9	261,239	4.7	536,979	6.2
Other coniferous	165,687	5.3	60,931	1.1	226,618	2.6
Deciduous	16,260	0.5	309,448	5.6	325,708	3.8
Total	3,091,166	100.0	5,552,832	100.0	8,643,998	100.0

Source: Ministry of Forests, Planning and Inventory Branch.

Table 6.3

Timber Scaled by Species

Species	1977	1985	1986	1987[1]	1987 Per Cent of Total
		(thousand cubic metres)			
Balsam	9,418	9,574	9,737	12,070	13.3
Cedar	7,722	8,419	8,014	9,343	10.3
Douglas fir	8,481	8,563	8,404	9,317	10.3
Lodgepole pine	13,252	17,137	18,581	21,269	23.5
Spruce	15,962	18,677	18,265	19,383	21.4
Hemlock	13,286	12,759	12,682	16,446	18.2
All others	1,847	1,740	1,820	2,763	3.0
Total	69,968	76,869	77,503	90,591	100.0

[1] Ministry of Forests, *Monthly Timber Scale Report*. Subject to revision.

Table 6.4

Metal, Mineral, Coal, Petroleum and Natural Gas Production

	Unit	1985		1986		1987[1]	
		Quantity	Value	Quantity	Value	Quantity	Value
Metals		(000)	($ millions)	(000)	($ millions)	(000)	($ millions)
Copper	(kilograms)	301,649	579.7	332,215	629.5	348,246	744.7
Gold	(grams)	6,769	94.5	9,392	155.0	11,925	231.6
Iron concentrates	(tonnes)	88	3.8	51	2.2	64	2.3
Lead	(kilograms)	116,811	42.4	91,784	38.2	67,210	46.9
Molybdenum	(kilograms)	6,624	63.2	11,574	92.8	11,581	92.6
Silver	(grams)	378,173	101.0	395,850	94.6	397,338	125.7
Zinc	(kilograms)	108,073	112.7	137,583	138.0	118,656	98.1
Other		—	8.2	—	6.3	—	4.4
Total		—	1,005.5	—	1,156.6	—	1,346.3
Industrial Minerals							
Asbestos	(tonnes)	89	56.7	78	39.7	95	47.8
Sulphur	(tonnes)	501	42.9	501	82.6	442	65.4
Other		—	11.4	—	12.1	—	13.1
Total		—	111.0	—	134.4	—	126.3
Structural Materials							
Cement	(tonnes)	988	74.5	1,077	75.6	1,247	88.3
Sand and gravel	(tonnes)	49,007	117.0	42,888	105.3	38,600	102.3
Other		—	41.3	—	33.8	—	40.4
Total		—	232.8	—	214.7	—	231.0
Coal	(tonnes)	22,613	1,028.3	20,852	934.5	22,137	859.7
Total solid minerals		—	2,377.6	—	2,440.2	—	2,563.3
Petroleum and Natural Gas							
Crude oil	(cubic metres)	1,958	427.6	2,019	230.2	2,100	308.8
Natural gas to pipeline	(thousand cubic metres)	8,322	575.2	7,958	486.3	9,848	478.1
Other		—	46.7	—	61.4	—	51.7
Total		—	1,049.5	—	777.9	—	838.6
Totals, all metals, minerals and fuels		—	3,427.1	—	3,218.1	—	3,401.9

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[1] Estimated.

Conversion table:
0.9072 tonnes (t) = one ton.
0.4536 kilograms (kg) = one pound.
31.1035 grams (g) = one troy ounce.
0.1590 cubic metres (m^3) = one barrel.
0.0283 cubic metres (m^3) = one standard cubic foot.

Table 6.5

Historical Metal, Mineral, Coal, Petroleum and Natural Gas Production

	($ millions)		($ millions)
1972	636.2	1980	3,077.0
1973	1,109.4	1981	3,008.7
1974	1,264.2	1982	2,797.1
1975	1,364.1	1983	2,854.6
1976	1,520.3	1984	3,349.0
1977	1,788.2	1985	3,427.1
1978	1,972.1	1986	3,218.1
1979	2,949.5	1987 (estimate)	3,401.9

Table 6.6

Power Generation and Consumption in British Columbia (gigawatt-hours)

	UTILITIES		INDUSTRIES			TOTAL GENERATION	EXCHANGES WITH ALBERTA & U.S.		TOTAL PROVINCIAL CONSUMPTION
Year	Hydro-electric	Thermal	Hydro-electric	Hydro-mechanical	Thermal		Import	Export	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1976	28,578	195	8,129	82	1,664	38,648	1,200	3,304	36,544
1977	32,367	245	8,963	78	1,606	43,259	1,002	5,735	38,526
1978	30,292	116	10,407	70	1,720	42,605	1,520	3,918	40,207
1979	29,465	532	11,703	73	1,713	43,486	1,732	3,652	41,566
1980	29,345	800	11,663	75	1,735	43,618	2,757	3,499	42,876
1981	37,906	183	11,616	0	1,520	51,225	1,140	8,970	43,395
1982	37,757	183	8,491	0	1,643	48,074	2,308	6,595	43,787
1983	36,276	145	8,682	0	2,256	47,359	2,443	5,158	44,644
1984	41,905	156	9,182	0	1,999	53,242	1,534	8,107	46,669
1985	47,464	151	9,698	0	1,879	59,192	1,080	11,231	49,041
1986	39,835	155	9,397	0	1,703	51,090	3,345	4,156	50,279
1987	52,003	147	9,573	0	1,873	63,596	1,203	12,815	51,984

Sources: Columns (1), (3) and (4) from Water Management Branch records — data provided by licensees.
Columns (2), (5), (7) and (8) from Statistics Canada Catalogue 57-001.

Table 6.7

Principal Producers of Electric Power in British Columbia

	Installed Capacity at March 31, 1988 (Kilowatts)		
	Hydro	Thermal	Combined
Utilities			
British Columbia Hydro and Power Authority	9,571,002	1,132,790	10,703,792
Central Coast Power Corporation	1,500	—	1,500
Kitasoo Hydro	960	—	960
Northern Canada Power Commission	—	650	650
The Corporation of the City of Nelson	9,489	—	9,489
Tsawataineuk Band Council	75	—	75
West Kootenay Power and Light Co. Ltd.	186,155	—	186,155
Sub Totals—Utilities	9,769,181	1,133,440	10,902,621
Forest Products Companies			
B.C. Forest Products Ltd.	—	66,550	66,550
British Columbia Timber Ltd.	—	2,500	2,500
Canadian Forest Products Ltd.	—	5,350	5,350
Cariboo Pulp and Paper Co. Ltd.	—	28,000	28,000
Crestbrook Pulp and Paper Co. Ltd.	—	15,000	15,000
Crown Forest Industries Ltd.	75	35,555	35,630
Evans Products Co. Ltd.	—	7,500	7,500
MacDonald Ranch and Lumber	320	—	320
MacMillan-Bloedel Ltd.	74,980	113,250	188,230
Northwood Pulp Co.	—	56,800	56,800
Skeena Cellulose Inc.	—	42,000	42,000
Tahsis Company	—	29,464	29,464
Weldwood Company of Canada Ltd.	—	6,500	6,500
Western Forest Industries	—	1,700	1,700
Western Pulp Ltd.	4,587	39,800	44,387
Weyerhaeuser Canada Limited	—	41,000	41,000
Sub Totals—Forest Products	79,962	490,969	570,931
Mining Companies			
Alcan Smelters and Chemicals Ltd.	812,800	—	812,800
Cassiar Mining Corporation	—	15,675	15,675
Cominco Ltd.	468,800	—	468,800
Dickenson Mines Ltd.	200	—	200
Placer Development Limited	—	2,250	2,250
Teck Corporation	—	800	800
Westmin Resources Ltd.	11,160	7,050	18,210
Sub Totals—Mining	1,292,960	25,775	1,318,735
Other Industries			
British Columbia Packers	—	1,410	1,410
B.C. Sugar Refining Co. Ltd.	—	5,500	5,500
PetroCanada	—	7,500	7,500
Walden North Enterprises	450	—	450
Sub Totals—Other Industries	450	14,410	14,860
Miscellaneous Hydro	965	—	965
Totals	11,143,518	1,664,594	12,808,112

Sources: Hydro plant installations from Water Management Branch records. Installed capacity represents physical rather than name-plate capacity. Thermal plant installations from Statistics Canada 57-206 (December 31, 1986).

Table 6.8

Ten Largest Powerplants in British Columbia

Name	River	Capacity (MW)		Owner
		Installed	Ultimate	
G. M. Shrum (W.A.C. Bennett Dam)	Peace	2,730	2,730	B.C. Hydro
Revelstoke	Columbia	1,843	2,764	B.C. Hydro
Mica	Columbia	1,736	2,610	B.C. Hydro
Kemano	Nechako	813	1,611	Alcan
Peace Canyon	Peace	700	700	B.C. Hydro
Kootenay Canal	Kootenay	529	529	B.C. Hydro
Seven Mile	Pend Oreille	525	639	B.C. Hydro
Bridge River	Bridge	438	438	B.C. Hydro
Waneta	Pend Oreille	360	720[1]	Cominco
Jordan River	Jordan	150	150	B.C. Hydro

[1] Estimate.
Source: Ministry of Environment.

Table 6.9

Value of Manufacturing Shipments

Industry	1985	Per Cent of Total Manufacturing	1986	Per Cent of Total Manufacturing	1987	Per Cent of Total Manufacturing	Change 1986–1987
	($ millions)		($ millions)		($ millions)		(per cent)
Wood	5,092	25.6	5,452	24.5	7,184	27.5	31.8
Paper and allied products	3,437	17.3	4,278	19.3	5,424	20.8	26.8
Food	2,558	12.9	3,809	17.1	4,192	16.0	10.1
Refined petroleum and coal products	2,501	12.6	2,090	9.4	1,904	7.3	−8.9
Fabricated metal products	864	4.3	942	4.2	1,192	4.6	26.5
Transportation equipment	843	4.2	871	3.9	931	3.6	6.9
Chemicals and chemical products	659	3.3	684	3.1	728	2.8	6.4
Primary metals	807	4.1	722	3.3	657	2.5	−9.0
Machinery (except electrical machinery)	449	2.3	481	2.2	654	2.5	36.0
Non-metallic mineral products	467	2.4	494	2.2	586	2.2	18.6
Electrical and electronic products	316	1.6	322	1.5	369	1.4	14.6
Clothing	160	0.8	184	0.8	194	0.7	5.4
Furniture and fixtures	112	0.6	128	0.6	128	0.5	0.0
Other	1,593	8.0	1,763	7.9	1,972	7.6	11.9
Total	19,858	100.0	22,220	100.0	26,115	100.0	17.5

Source: Statistics Canada, Catalogue 31-001.
Note: Based on the 1980 Standard Industrial Classification.

APPENDIX 7

THE PROVINCE OF BRITISH COLUMBIA

PRELIMINARY UNAUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED MARCH 31, 1988

This section includes the preliminary unaudited financial statements of the government of the Province of British Columbia for the year ended March 31, 1988 prepared by the Comptroller General from the accounts of the government.

The accounts of the government are subject to examination by the Auditor General who is required to report annually to the Legislative Assembly on the financial statements of the government. The Report of the Auditor General on the complete financial statements for the year ended March 31, 1988 will be included in the annual Public Accounts which will be available after submission to the Legislative Assembly.

Government Accounting Policies

A full statement of the provincial government's accounting policies is contained in the Public Accounts. The most important features of the policies can be summarized as follows:

- The main reporting entity for 1987/88 is the General Fund which includes Special Funds that were converted to Special Accounts on March 31, 1988.
- All revenue and expenditure are recorded on an accrual basis of accounting, with certain limited exceptions.
- Assets are recorded on the government's balance sheet only to the extent that they represent financial claims by the government. Similarly, liabilities are recorded only if they represent financial claims against the government. Payments to acquire fixed assets are recorded as expenditure.

Government Accounts

The General Fund comprises all money over which the Legislature has the power of appropriation. The General Fund includes the principal operating accounts and Special Accounts of the provincial government. Special Accounts are statutory appropriations established by the Legislature to fund specific programs, which may extend over several fiscal years. The Budget Stabilization Fund was established effective March 31, 1988 and consists of certain revenues and money set aside using General Fund surpluses and excess revenue. Revenue and expenditure of General Fund and Budget Stabilization Fund are combined in the General Fund and Special Funds statements.

Transactions of the General Fund are classified as either operating or financing and working capital transactions. Operating transactions include direct expenditure on goods and services, transfer payments and grants, as well as revenue from taxation, royalties, fees and licences, contributions from government enterprises and payments from the federal government. The excess (shortfall) of General Fund revenue over expenditure represents the annual surplus (deficit) of the General Fund. Financing and working capital transactions represent either a source or use of funds. They do not cause a change in the annual surplus (deficit) but only a change in the composition of the provincial government's assets and liabilities.

The net equity (net deficiency) of the provincial government's General Fund and Special Funds is the difference between the provincial government's financial assets and its financial liabilities. The annual surplus (deficit) on transactions of the General Fund and Special Funds are credited to (charged against) net equity (net deficiency).

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Table 7.1

General Fund and Special Funds Balance Sheet at March 31, 1988 (Unaudited)

	1988	1987
ASSETS	($ thousands)	
Cash and temporary investments	116,351	109,878
Accounts receivable	811,647	789,632
Inventories	118,786	105,305
Investments in and amounts due from Crown corporations and agencies	1,004,058	1,040,263
Loans, advances and other investments	163,027	154,203
Mortgages receivable	322,719	299,593
Fiscal Agency loans	2,623,218	2,216,625
Other assets[1]	166,687	121,732
	5,326,493	**4,837,231**
LIABILITIES		
Accounts payable and accrued liabilities	992,795	896,328
Due to Crown corporations and agencies	198,729	421,889
Deferred revenue	255,513	212,969
Public debt:		
Issued for Government purposes	5,016,747	4,801,901
To finance Fiscal Agency loans	2,623,218	2,216,625
	9,087,002	**8,549,712**
NET EQUITY		
Net equity (deficiency)	**(3,760,509)**	**(3,712,481)**
	5,326,493	**4,837,231**
GUARANTEED DEBT	**9,868,241**	**10,472,176**
TRUST FUNDS	**15,943,117**	**14,470,250**

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[1] Fixed assets such as buildings, roads, bridges, furniture and most Crown land are reported at a nominal value of $1

Table 7.2

General Fund Revenue and Expenditure for the Fiscal Year Ended March 31, 1988 (Unaudited)

	Estimates 1988	Actual 1988	Actual 1987
REVENUE		($ thousands)	
Taxation	5,343,000	5,744,305	4,861,505
Natural resources	918,000	1,222,958	657,591
Other	638,000	630,388	589,526
Contributions from government enterprises	452,000	469,795	447,605
Contributions from the federal government	2,019,000	2,019,931	1,993,257
Total Revenue	9,370,000	10,087,377	8,549,484
Less Transfer to Budget Stabilization Fund		(717,377)	
Total General Fund Revenue	**9,370,000**	**9,370,000**	**8,549,484**
EXPENDITURE[1]			
Legislation	14,202	15,722	11,507
Auditor General	4,466	4,491	4,091
Ombudsman	2,494	2,459	2,299
Office of the Premier	7,276	6,798	5,568
Advanced Education and Job Training	811,468	805,970	738,934
Agriculture and Fisheries	99,351	65,470	69,741
Attorney General	425,809	435,476	417,928
Economic Development	76,035	61,176	50,946
Education	1,367,108	1,378,060	1,248,680
Energy, Mines and Petroleum Resources	39,756	37,645	39,072
Environment and Parks	137,124	132,942	125,629
Finance and Corporate Relations	64,277	65,315	79,790
Forests and Lands	424,812	428,794	346,890
Health	3,176,033	3,229,133	3,044,819
Labour and Consumer Services	22,464	25,037	21,167
Municipal Affairs	417,793	415,568	405,990
Provincial Secretary and Government Services	44,939	95,627	62,328
Social Services and Housing	1,391,431	1,378,987	1,325,086
Tourism, Recreation and Culture	54,440	53,462	48,062
Transportation and Highways	866,060	805,371	996,671
Other:			
Management of the Public Debt[2]	530,200	525,277	393,581
Contingencies	50,000	50,108	30,466
Critical Industries Commission	—	—	321
Crown Land Account	21,962	21,933	39,562
Lottery	170,500	120,112[3]	289,522
Revaluation of Crown Corporations	—	—	(88,447)
Total General Fund Expenditure	**10,220,000**	**10,160,933**	**9,710,203**
General Fund Deficit	**(850,000)**	**(790,933)**	**(1,160,719)**

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[1] The organization shown is the ministry organization in effect at March 31, 1988.

[2] Debt servicing does not include interest on borrowings to finance Fiscal Agency loans.

[3] Includes a transfer of the Lottery Fund Special Account balance of $25,528,582 to the Budget Stabilization Fund.

Table 7.3

General Fund Revenue by Source
for the Fiscal Year Ended March 31, 1988 (Unaudited)

Source	Estimated		Actual	
		($ thousands)		
Taxation Revenue				
Personal income[1]	2,562,000		2,789,965	
Corporation income[1]	387,000		473,407	
Social service	1,393,000		1,463,087	
Gasoline	360,000		380,889	
Motive fuel use	60,000		68,595	
Tobacco	223,000		227,795	
Property Purchase	168,000		140,130	
Corporation capital	49,000		56,761	
Property (rural areas)	41,000		42,741	
Insurance premium	58,000		54,215	
Hotel room	35,000		40,028	
Horse Racing	7,000		6,682	
Succession and Gift			10	
Total Taxation Revenue		5,343,000		5,744,305
Natural Resource Revenue				
Petroleum and Natural Gas				
Natural gas royalties	62,000		53,665	
Permits and fees	67,000		92,595	
Petroleum royalties	50,000		51,851	
		179,000		198,111
Minerals				
Mining tax	500		792	
Mineral resource tax	2,900		10,418	
Mineral land tax	12,000		12,215	
Coal, minerals and metals royalties	16,700		22,795	
Miscellaneous mining receipts	7,900		7,366	
		40,000		53,586
Forests				
Logging tax	7,000		31,531	
Timber sales[2]	73,000		350,506	
Small Business Enterprise Special Account	21,500		47,227	
Timber royalties	14,000		26,731	
Lumber export tax	350,000		278,999	
Forest scaling fees	2,500		3,901	
Miscellaneous forests receipts	6,000		5,686	
		474,000		744,581
Other				
Water rentals and recording fees	212,000		214,971	
Wildlife Act—fees and licences	13,000		11,709	
		225,000		226,680
Total Natural Resource Revenue		918,000		1,222,958

Table 7.3

General Fund Revenue by Source
for the Fiscal Year Ended March 31, 1988 (Unaudited)—*Continued*

Source	Estimated		Actual	
Other Revenue		($ thousands)		
Sales and services				
Lottery Fund Special Account	175,000		165,064	
Farm Income Assurance Fund Special Account (producers' premiums and interest)	28,000		12,076	
Land registry fees	15,000		17,661	
Real estate earnings of the Crown Land Special Account	22,400		28,676	
Coquihalla Highway tolls	14,000		15,022	
Motor vehicle lien and search fees	7,200		7,060	
Ambulance service	8,000		7,314	
Sheriff's fees	1,300		1,173	
Property tax collection fees	2,500		2,813	
Vital statistics fees	3,000		3,022	
Hearing aid equipment	2,600		3,532	
Sales of maps and air photos	500		530	
Miscellaneous sales and services	7,500		8,533	
		287,000		272,476
Licences and permits				
Motor vehicle licences and permits	149,000		136,821	
Liquor Licencing Branch—permits and fees	17,000		18,477	
Companies Branch	8,600		11,971	
Safety inspection fees	6,700		7,532	
Filing fees—Court Services	9,700		3,757	
Camp-site permits and park use	5,000		4,348	
Fire Services Act—fees, etc.	4,000		5,073	
Insurance, brokers and real estate	2,900		4,242	
Agricultural licences	800		702	
Trade and dealer licences	300		270	
Mobile home registry	600		692	
Miscellaneous licences and permits	3,400		5,587	
		208,000		199,472
Interest from investments		62,000		68,355
Miscellaneous				
Fines and penalties	24,000		24,409	
Maintenance of children	17,200		16,535	
Other maintenance receipts	1,600		1,207	
Insurance claim receipts	9,700		11,773	
Municipal share of joint-service programs	3,500		4,595	
Other miscellaneous	25,000		31,566	
		81,000		90,085
Total Other Revenue		638,000		630,388
Contributions from Government Enterprises				
Liquor Distribution Branch—net income[3]	432,000		425,040	
British Columbia Railway Company—dividend	10,000		20,615	
Pacific Coach Lines Ltd.			1,175	
British Columbia Buildings Corporation—dividend	10,000		22,965	
Total Contributions from Government Enterprises		452,000		469,795

Table 7.3

General Fund Revenue by Source
for the Fiscal Year Ended March 31, 1988 (Unaudited)—*Continued*

Source	Estimated		Actual	
	($ thousands)			
Contributions from the Federal Government				
Established Programs Financing	1,228,000		1,215,270	
Canada Assistance Plan	629,000		630,958	
National Training Act	41,000		38,732	
Economic development	42,700		35,759	
Transportation and highways	15,900		17,084	
Public Utilities Income Tax Transfer Act	3,000		10,026	
Statutory subsidies	2,500		2,516	
Reciprocal Taxation Agreement	19,500		24,091	
Other payments	37,400		45,495	
Total Contributions from the Federal Government		2,019,000		2,019,931
Total Revenue		9,370,000		10,087,377
Less Transfer to Budget Stabilization Fund				(717,377)
Total General Fund Revenue		**9,370,000**		**9,370,000**

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[1] Personal and Corporation income tax revenues are recorded after reduction for tax credits of $6,590,549 and $45,415,389 respectively

[2] Timber sales revenue is recorded after deduction of stumpage offsets of $103,634,000 allowed under section 88 of the *Forest Act*

[3] The British Columbia Liquor Distribution Branch revenue is the net income of the Branch after adjusting for differences in the accounting policies of the Branch and those of the Government.

Table 7.4

General Fund Expenditure by Appropriation
for the Fiscal Year Ended March 31, 1988 (Unaudited)

Vote No.	Description	Total Appropriations			Actual Expenditure	Net Under Expenditure
		Estimated	Other Authorizations	Total		
		$	$	$	$	$
	Legislation					
1	Legislation	14,201,820				
	Statutory—					
	Constitution Act (R.S.B.C. 1979, chap. 62, sec. 64)		1,520,569	15,722,389	15,722,389	
		14,201,820	**1,520,569**	**15,722,389**	**15,722,389**	
	Auditor General					
2	Auditor General	4,465,920				
	Statutory—					
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 20 (3)		24,611	4,490,531	4,490,531	
		4,465,920	**24,611**	**4,490,531**	**4,490,531**	
	Ombudsman					
3	Ombudsman	**2,493,970**		**2,493,970**	**2,459,213**	**34,757**
	Office of the Premier					
4	Premier's Office	2,733,090		2,733,090	2,689,882	43,208
	Statutory—					
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14)					
	—Transfer from Ministry of Intergovernmental Relations (Vote 45)		859,478	859,478	777,922	81,556
	—Transfer from Ministry of Provincial Secretary and Government Services (Vote 53)		3,684,000	3,684,000	3,330,476	353,524
		2,733,090	**4,543,478**	**7,276,568**	**6,798,280**	**478,288**
	Ministry of Advanced Education and Job Training					
5	Minister's Office	184,709		184,709	177,173	7,536
6	Ministry Operations	695,466,020				
	Supplement—Special Warrant No. 3		10,000,000	705,466,020	697,581,613	7,884,407
	Statutory—					
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14)					
	—Transfer from Ministry of Economic Development (Vote 18)		5,984,900	5,984,900	5,967,188	17,712
	—Transfer from Ministry of Economic Development (Vote 19)		4,592,500	4,592,500	2,003,745	2,588,755
	Special Accounts—					
	Education Excellence Appropriation Act (S.B.C. 1986, chap. 6, sec. 1)—Fund for Excellence in Education	105,240,000		105,240,000	100,240,000	5,000,000
		800,890,729	**20,577,400**	**821,468,129**	**805,969,719**	**15,498,410**
	Ministry of Agriculture and Fisheries					
7	Minister's Office	241,948		241,948	229,880	12,068
8	Ministry Operations	61,447,939		61,447,939	45,684,080	15,763,859
9	Milk Board	367,973		367,973	367,872	101
10	Provincial Agricultural Land Commission	1,142,802		1,142,802	1,116,013	26,789
11	Agri-Food Regional Development Subsidiary Agreement (ERDA)	8,130,000		8,130,000	3,507,744	4,622,256
	Statutory—					
	Cattle Horn Act (R.S.B.C. 1979, chap. 44, sec. 7)—Livestock Improvement		16,015	16,015	16,015	

Table 7.4

General Fund Expenditure by Appropriation
for the Fiscal Year Ended March 31, 1988 (Unaudited) — *Continued*

		Total Appropriations				
Vote No.	Description	Estimated	Other Authorizations	Total	Actual Expenditure	Net Under Expenditure
		$	$	$	$	$
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 58 (3)—Southern Interior Beef Corporation		68,220	68,220	68,220	
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 58 (3)) — McLean Fitzpatrick Fruit Packers		1,000,000	1,000,000	1,000,000	
	Special Accounts—					
	Agricultural Credit Act (R.S.B.C. 1979, chap 8, sec. 5 (2))—Agricultural Land Development		158,640	158,640	158,640	
	Farm Income Insurance Act (R.S.B.C. 1979, chap. 123, sec. 2)—Farm Income Assurance	56,000,000		56,000,000	25,125,977	30,874,023
	Farm Product Industry Act (R.S.B.C. 1979, chap. 245, sec. 16 (3))—Farm Products Industry Improvement		257,980	257,980	257,980	
	Livestock Protection Act (R.S.B.C. 1979, chap. 245, sec. 14)—Livestock Protection	20,000		20,000	13,491	6,509
	Less transfers to the Farm Income Assurance Fund Special Account from Vote 8	(28,000,000)		(28,000,000)	(12,075,856)	(15,924,144)
		99,350,662	**1,500,855**	**100,851,517**	**65,470,056**	**35,381,461**
	Ministry of Attorney General					
12	Minister's Office	219,629		219,629	217,398	2,231
13	Ministry Operations	281,398,956				
	Supplement—Special Warrant No. 4		6,030,000			
	Statutory—					
	Criminal Injury Compensation Act (R.S.B.C. 1979, chap. 83, sec. 3 (1))		1,438,099			
	Crown Proceeding Act (R.S.B.C. 1979, chap. 86, sec. 14 (4))		14,431	288,881,486	288,881,486	
14	Emergency Assistance	2,403,500		2,403,500	329,941	2,073,559
15	Judiciary	16,223,941				
	Supplement—Special Warrant No. 5		1,897,000	18,120,941	18,023,650	97,291
16	Corrections	125,553,653				
	Supplement—Special Warrant No. 6		400,000	125,953,653	125,666,379	287,274
	Statutory—					
	Inquiry Act (R.S.B.C. 1979, chap. 198, sec. 18)—Vancouver Police Inquiry		26,844	26,844	26,844	
	Police Act (R.S.B.C. 1979, chap. 331, sec. 7)—Video Camera Use Study		98,028	98,028	98,028	
	Police Act (R.S.B.C. 1979, chap. 331, sec. 44)—Fullerton Inquiry		4,324	4,324	4,324	
	Expropriation Act (R.S.B.C. 1979, chap. 117, sec. 54)—Property acquisition		195,501	195,501	195,501	
	Flood Relief Act (R.S.B.C. 1979, chap. 138, sec. 2)—July flood, Northeast B.C.		2,028,447	2,028,447	2,028,447	
	Emergency Program Act (R.S.B.C. 1986, chap. 106, sec. 4)		3,200	3,200	3,200	
	Special Accounts—					
	Land Title Act (R.S.B.C. 1979, chap. 219, sec. 274 (2))—Land Titles Survey	9,000		9,000	328	8,672
		425,808,679	**12,135,874**	**437,944,553**	**435,475,526**	**2,469,027**

Table 7.4

General Fund Expenditure by Appropriation
for the Fiscal Year Ended March 31, 1988 (Unaudited) — *Continued*

Vote No.	Description	Total Appropriations			Actual Expenditure	Net Under Expenditure
		Estimated	Other Authorizations	Total		
	Ministry of Economic Development	$	$	$	$	$
17	Minister's Office	269,370		269,370	251,420	17,950
18	Ministry Operations	59,260,467				
	Statutory—					
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14)					
	—Transfer to Ministry of Advanced Education and Job Training		(5,984,900)			
	—Transfer to Ministry of Intergovernmental Relations		(360,000)	52,915,567	42,164,661	10,750,906
19	Economic and Regional Development Subsidiary Agreement (ERDA)	20,535,500				
	Statutory—					
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14)					
	—Transfer to Ministry of Advanced Education and Job Training		(4,592,500)	15,943,000	5,758,457	10,184,543
	Statutory—					
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14)					
	—Transfer from Ministry of Finance and Corporate Relations (Vote 32)		4,306,923	4,306,923	3,966,704	340,219
	Public Service Benefit Plan Act (R.S.B.C. 1979, chap. 344, sec. 5)—B.C. Medical Expenses—B.C. House, London, England		14,541	14,541	14,541	
	Ocean Falls Corporation Repeal Act (R.S.B.C. 1979, chap. 304.1)		4,617	4,617	4,617	
	Special Accounts—					
	Industrial Development Fund Act—(R.S.B.C. 1979, chap. 194, sec. 1 (3))—Industrial Development Subsidiary Agreement Loan Repayment Revolving Fund	1,600,000		1,600,000	1,219,405	380,595
	Low Interest Loan Assistance Revolving Fund Act (S.B.C. 1985, chap. 44, sec. 2) — Low Interest Loan Assistance Revolving Fund	1,000,000	564,388	1,564,388	1,564,388	
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14)					
	—Transfer from Ministry of Finance and Corporate Relations: *Purchasing Commission Act* (R.S.B.C. 1979, chap. 350, sec. 23.1 (3))					
	—Purchasing Commission Working Capital Account		6,231,406	6,231,406	6,231,406	
		82,665,337	**184,475**	**82,849,812**	**61,175,599**	**21,674,213**
	Ministry of Education					
20	Minister's Office	225,259		225,259	199,354	25,905
21	Ministry Operations	25,468,385				
	Statutory—					
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 23 (3))		(113,340)	25,355,045	24,980,932	374,113
22	Public Schools Education	1,189,387,212				
	Statutory—					
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 20 (3))		10,171,093	1,199,558,305	1,199,558,305	

Table 7.4

General Fund Expenditure by Appropriation
for the Fiscal Year Ended March 31, 1988 (Unaudited) — *Continued*

		Total Appropriations				
Vote No.	Description	Estimated	Other Authorizations	Total	Actual Expenditure	Net Under Expenditure
		$	$	$	$	$
23	Independent Schools	39,037,153				
	Statutory—					
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 23 (3))		965,908	40,003,061	40,003,061	
	Statutory—					
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 24 (1) (c))—Interest on Property Tax Refunds		1,024,722	1,024,722	1,024,722	
	Education (Interim) Finance Act (S.B.C. 1986, chap 2, sec. 20 (6))		810,051	810,051	810,051	
	Teaching Profession Act (S.B.C. 1987, chap. 19, sec. 42)		513,154	513,154	513,154	
	Special Accounts—					
	Education Excellence Appropriation Act (S.B.C. 1986, chap. 6, sec. 1)—Fund for Excellence in Education	112,990,000		112,990,000	110,970,600	2,019,400
		1,367,108,009	**13,371,588**	**1,380,479,597**	**1,378,060,179**	**2,419,418**
	Ministry of Energy, Mines and Petroleum Resources					
24	Minister's Office	235,549		235,549	234,077	1,472
25	Ministry Operations	23,203,101		23,203,101	22,000,971	1,202,130
26	British Columbia Utilities Commission	1,407,430				
	Statutory—					
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 20 (3))		477,262	1,884,692	1,884,692	
27	Fort Nelson Indian Band Mineral Revenue Sharing Agreement	800,000		800,000	397,234	402,766
28	Mineral Development and Exploration Incentives	7,300,000		7,300,000	6,968,911	331,089
	Statutory—					
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14)					
	—Transfer from Ministry of Intergovernmental Relations (Vote 45)		858,618	858,618	847,229	11,389
	—Transfer from Ministry of Intergovernmental Relations (Vote 53)		5,951,652	5,951,652	5,278,449	673,203
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 24 (1) (c))—Interest on Revenue Refunds		30,139	30,139	30,139	
	Mines Act—(S.B.C. 1980, chap. 15 (2))—Mine improvement		3,451	3,451	3,451	
		32,946,080	**7,321,122**	**40,267,202**	**37,645,153**	**2,622,049**
	Ministry of Environment and Parks					
29	Minister's Office	224,378		224,378	223,346	1,032
30	Ministry Operations	135,466,990		135,466,990	131,207,281	4,259,709
	Statutory—					
	Environment Management Act (R.S.B.C. 1979, chap. 14, secs. 5 and 6)—Pesticide Spill		23,788	23,788	23,788	
	Special Accounts—					
	Wildlife Act (S.B.C. 1982, chap. 57, sec. 11 (4))—Habitat Conservation Fund	1,433,000	55,090	1,488,090	1,488,090	
		137,124,368	**78,878**	**137,203,246**	**132,942,505**	**4,260,741**

Table 7.4

General Fund Expenditure by Appropriation for the Fiscal Year Ended March 31, 1988 (Unaudited)

Vote No.	Description	Total Appropriations			Actual Expenditure	Net Under Expenditure
		Estimated	Other Authorizations	Total		
		$	$	$	$	$
	Ministry of Finance and Corporate Relations					
31	Minister's Office	283,435		283,435	255,481	27,954
32	Ministry Operations	67,570,778				
	Statutory—					
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14)—Transfer to Ministry of Economic Development		(4,306,923)	63,263,855	61,286,399	1,977,456
33	Compensation Stabilization Program	729,387		729,387	446,727	282,660
	Statutory—					
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 24 (1) (c))—Interest on Revenue Refunds		1,201,476	1,201,476	1,201,476	
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 21)—Special Warrant No. 2: Operations, Administration and Expenses of 8 Portfolios of Ministers of State		8,000,000	8,000,000	952,348	7,047,652
	Insurance (Captive Company) Act (S.B.C. 1987, chap. 9, sec. 15)—Administration Costs		71,313	71,313	71,313	
	Property Purchase Tax Act (S.B.C. 1987, chap. 20, sec. 27)—Administration Costs		950,000	950,000	950,000	
	Unclaimed Money Act (R.S.B.C. 1979, chap. 418, sec. 15)		150,822	150,822	150,822	
	Special Accounts—					
	Purchasing Commission Act (R.S.B.C. 1979, chap. 350, sec. 23.1 (3))—Purchasing Commission Working Capital Account		4,306,923	4,306,923		
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14)—Transfer to Ministry of Economic Development: *Purchasing Commission Act* (R.S.B.C. 1979, chap. 350, sec. 23.1 (3))—Purchasing Commission Working Capital Account		(4,306,923)	(4,306,923)		
	Resource Revenue Stabilization Fund Act (S.B.C. 1982, chap. 24, sec. 4)—Resource Revenue Stabilization Fund		1,147,863,117	1,147,863,117	1,147,863,117	
	Less transfer to the General Fund from the Resource Revenue Stabilization Fund		(1,147,863,117)	(1,147,863,117)	(1,147,863,117)	
		68,583,600	**6,066,688**	**74,650,288**	**65,314,566**	**9,335,722**
	Ministry of Forests and Lands					
34	Minister's Office	210,165		210,165	187,203	22,962
35	Ministry Operations	267,798,152		267,798,152	261,927,829	5,870,323
36	Fire Suppression Program	60,000,000				
	Statutory—					
	Forest Act (R.S.B.C. 1979, chap. 140, sec. 124 (4))		9,608,468	69,608,468	69,608,468	

Table 7.4

General Fund Expenditure by Appropriation
for the Fiscal Year Ended March 31, 1988 (Unaudited) — *Continued*

Vote No.	Description	Total Appropriations Estimated	 Other Authorizations	 Total	Actual Expenditure	Net Under Expenditure
		$	$	$	$	$
37	Forest Resource Development Subsidiary Agreement (ERDA)	68,883,468		68,883,468	66,067,317	2,816,151
	Statutory—					
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 21)—Special Warrant No. 1—Compensation to Employees and Contractors of Beban Logging Company		1,200,000	1,200,000	1,200,000	
	Special Accounts—					
	Forest Act (R.S.B.C. 1979, chap. 140, sec. 87.1)—Small Business Enterprise	21,420,000	2,587,711	24,007,711	24,007,711	
	Forest Stand Management Fund Act (S.B.C. 1986, chap. 8, sec. 3)—Forest Stand Management	19,500,000		19,500,000	18,795,458	704,542
	Less transfer to the Special Fund Account from Vote 35	(13,000,000)		(13,000,000)	(13,000,000)	
		424,811,785	**13,396,179**	**438,207,964**	**428,793,986**	**9,413,978**
	Ministry of Health					
38	Minister's Office	220,893		220,893	220,502	391
39	Management Operations	70,114,417		70,114,417	67,309,953	2,804,464
40	Pharmacare	155,990,000				
	Supplement—Special Warrant No. 7		3,750,000	159,740,000	157,473,941	2,266,059
41	Medical Services Commission	540,373,948				
	Statutory—*Medical Services Commission Act* (R.S.B.C. 1979, chap. 255, sec. 12)		23,626,553	564,000,501	564,000,501	
42	Preventive and Community Health Care Services	245,420,959				
	Supplement—Special Warrant No. 8		3,562,000	248,982,959	246,285,981	2,696,978
43	Institutional Services	1,923,913,040				
	Supplement—Special Warrant No. 9		29,468,000			
	Statutory—					
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 23 (3))		449,833	1,953,830,873	1,953,830,873	
	Statutory—					
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 22)—Veterans' Hospital Agreement		11,710	11,710	11,710	
	Special Accounts—					
	Health Improvement Appropriation Act (S.B.C. 1986, chap. 9, sec. 1)—Health Improvement Fund	240,000,000		240,000,000	240,000,000	
		3,176,033,257	**60,868,096**	**3,236,901,353**	**3,229,133,461**	**7,767,892**
	Ministry of Intergovernmental Relations					
44	Minister's Office	148,133				
	Statutory—					
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14) —Transfer to Ministry of Transportation and Highways		(148,133)			

Table 7.4

General Fund Expenditure by Appropriation for the Fiscal Year Ended March 31, 1988 (Unaudited) — *Continued*

Vote No.	Description	Total Appropriations			Actual Expenditure	Net Under Expenditure
		Estimated	Other Authorizations	Total		
		$	$	$	$	$
45	Ministry Operations	2,457,460				
	Statutory—					
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14)					
	—Transfer to Ministry of Transportation and Highways		(739,364)			
	—Transfer to Ministry of Energy, Mines and Petroleum Resources		(858,618)			
	—Transfer to Office of the Premier		(859,478)			
	Statutory—					
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14)					
	—Transfer from Ministry of Provincial Secretary and Government Services (Vote 53)		5,951,652			
	—Transfer to Ministry of Energy, Mines and Petroleum Resources (Vote 53)		(5,951,652)			
	—Transfer from Ministry of Economic Development (Vote 18)		360,000			
	—Transfer to Ministry of Transportation and Highways (Vote 18)		(360,000)			
	Special Accounts—					
	Funds Control Act (R.S.B.C. 1979, chap. 146, sec. 3)—First Citizens Fund	1,973,000				
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14)—Transfer to Ministry of Transportation and Highways: *Funds Control Act* (R.S.B.C. 1979, chap. 146, sec. 3)—*First Citizens' Fund*		(1,973,000)			
		4,578,593	**(4,578,593)**			
	Ministry of Labour and Consumer Services					
46	Minister's Office	236,168		236,168	224,869	11,299
47	Ministry Operations	22,227,574		22,227,574	18,872,539	3,355,035
	Statutory—					
	Industrial Relations Reform Act (S.B.C. 1987, chap. 24, sec. 67)—Administration Costs		5,940,149	5,940,149	5,940,149	
		22,463,742	**5,940,149**	**28,403,891**	**25,037,557**	**3,366,334**
	Ministry of Municipal Affairs					
48	Minister's Office	235,919		235,919	233,282	2,637
49	Ministry Operations	26,379,686		26,379,686	26,208,054	171,632
50	Municipal Revenue Sharing	231,000,000		231,000,000	231,000,000	
51	Transit Services	158,635,000		158,635,000	158,578,626	56,374
	Statutory—					
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 14) Provision for Doubtful Accounts		223,729	223,729	223,729	
	Special Accounts—					
	Revenue Sharing Act (R.S.B.C. 1979, chap. 368, sec. 3)—Revenue Sharing Fund	230,750,000		230,750,000	228,437,657	2,312,343

Table 7.4

General Fund Expenditure by Appropriation
for the Fiscal Year Ended March 31, 1988 (Unaudited) — *Continued*

		Total Appropriations				
Vote No.	**Description**	**Estimated**	**Other Authorizations**	**Total**	**Actual Expenditure**	**Net Under Expenditure**
		$	$	$	$	$
	Special Appropriations Act (S.B.C. 1982, chap. 40, sec. 2 (1))—Downtown Revitalization	250,000	173,409	423,409	423,409	
	University Endowment Lands Act (R.S.B.C. 1979, chap. 420, sec. 3 (1))—University Endowment Lands Administration	1,542,000		1,542,000	1,462,795	79,205
	Less Transfer to the Special Fund Account from Vote 50	(231,000,000)		(231,000,000)	(231,000,000)	
		417,792,605	**397,138**	**418,189,743**	**415,567,552**	**2,622,191**
	Ministry of Provincial Secretary and Government Services					
52	Minister's Office	206,621		206,621	196,526	10,095
53	Ministry Operations	54,368,021				
	Supplement—Special Warrant No. 10		950,000			
	Statutory—					
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14)					
	—Transfer to Office of the Premier		(3,684,000)			
	—Transfer to Ministry of Intergovernmental Relations		(5,951,652)	45,682,369	44,305,775	1,376,594
54	Pensions and Employee Benefits Administration	10		10		10
55	Pensions and Employee Benefits Contributions	10		10		10
	Statutory—					
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 20 (3))		539,043	539,043	539,043	
	Public Service Act (R.S.B.C. 1979, chap. 343, sec. 49 (3))		4,990,156	4,990,156	4,990,156	
	Pension (Public Service) Amendment Act (S.B.C. 1987, chap. 63, secs. 1 and 2)		42,250,000	42,250,000	42,250,000	
	Elections Act (R.S.B.C. 1979, chap. 103, sec. 191)					
	—1986 General Election Expenses — Boundary-Similkameen		180	180	180	
	Inquiry Act (R.S.B.C. 1979, chap. 198, sec. 18)					
	—Royal Commission on Education		1,919,281	1,919,281	1,919,281	
	—Royal Commission on Election Boundaries		753,479	753,479	753,479	
	—Social Housing Commission		2,627	2,627	2,627	
	—Royal Commission on Coquihalla Highway Costs		452,735	452,735	452,735	
	—Royal Commission on Oakalla Prison		58,074	58,074	58,074	
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 58)					
	—Insurance Claims: Health Care Facilities		144,388	144,388	144,388	
	—Insurance Claims and Administration: School Districts and Colleges		15,000	15,000	15,000	
		54,574,662	**42,439,311**	**97,013,973**	**95,627,264**	**1,386,709**

Table 7.4

General Fund Expenditure by Appropriation
for the Fiscal Year Ended March 31, 1988 (Unaudited) — *Continued*

		Total Appropriations				
Vote No.	Description	Estimated	Other Authorizations	Total	Actual Expenditure	Net Under Expenditure
		$	$	$	$	$
	Ministry of Social Services and Housing					
56	Minister's Office	216,355		216,355	211,932	4,423
57	Ministry Operations	1,385,939,454		1,385,939,454	1,373,235,549	12,703,905
58	British Columbia Home Program	10		10		10
	Statutory—					
	Special Accounts—					
	Home Conversion and Leasehold Loan Act (R.S.B.C. 1979, chap. 170, sec. 17 (1)), and *Home Purchase Assistance Act* (R.S.B.C. 1979, chap. 172, sec. 21 (1))—Provincial Home Acquisition	5,275,000	264,853	5,539,853	5,539,853	
		1,391,430,819	**264,853**	**1,391,695,672**	**1,378,987,334**	**12,708,338**
	Ministry of Tourism, Recreation and Culture					
59	Minister's Office	228,460		228,460	217,502	10,958
60	Ministry Operations	50,675,347				
	Statutory—					
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 23 (3))		(375,289)	50,300,058	50,166,384	133,674
	Statutory—					
	Special Accounts—					
	Special Appropriations Act (S.B.C. 1982, chap. 40, sec. 7 (1))—Provincial Computerization of Libraries	292,000		292,000	28,345	263,655
	Funds Control Act (R.S.B.C. 1979, chap. 146, sec. 6)—British Columbia Cultural Fund	1,594,000		1,594,000	1,399,806	194,194
	Funds Control Act (R.S.B.C. 1979, chap. 146, sec. 4)—Physical Fitness and Amateur Sports Fund	1,650,000		1,650,000	1,649,585	415
		54,439,807	**(375,289)**	**54,064,518**	**53,461,622**	**602,896**
	Ministry of Transportation and Highways					
61	Minister's Office	235,299		235,299	228,309	6,990
62	Administration and Support Services	14,759,725		14,759,725	14,539,248	220,477
63	Highway Operations Department	726,974,820				
	Statutory—					
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 23 (3))		(4,999,705)	721,975,115	671,357,302	50,617,813
64	Motor Vehicle Department	33,961,110		33,961,110	30,104,997	3,856,113
65	Transportation Policy Department	86,909,512		86,909,512	86,196,032	713,480
	Statutory—					
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14)					
	—Transfer from Ministry of Intergovernmental Relations (Vote 18)		360,000	360,000	360,000	
	—Transfer from Ministry of Intergovernmental Relations (Vote 44)		148,133	148,133	142,051	6,082
	—Transfer from Ministry of Intergovernmental Relations (Vote 45)		739,364	739,364	645,527	93,837
	Indian Cut-Off Lands Dispute Act (S.B.C. 1982, chap. 50, sec. 5)		124,000	124,000	124,000	

Table 7.4

General Fund Expenditure by Appropriation
for the Fiscal Year Ended March 31, 1988 (Unaudited) — *Continued*

		Total Appropriations				
Vote No.	Description	Estimated	Other Authorizations	Total	Actual Expenditure	Net Under Expenditure
		$	$	$	$	$
	Special Accounts—					
	—Transfer from Ministry of Intergovernmental Relations—*Funds Control Act* (R.S.B.C. 1979, chap. 146, sec. 3)—First Citizens' Fund		1,973,000	1,973,000	1,673,728	299,272
		862,840,466	**(1,655,208)**	**861,185,258**	**805,371,194**	**55,814,064**
	Other Appropriations					
66	Management of the Public Debt (Ministry of Finance and Corporate Relations)	530,200,000		530,200,000	525,277,283	4,922,717
67	Contingencies (All Ministries) Ministry of Finance and Corporate Relations	50,000,000				
	Supplement—Special Warrant No. 11		15,000,000	65,000,000	50,107,855	14,892,145
	Statutory—					
	Special Accounts—					
	Ministry of Lands, Parks and Housing Act (R.S.B.C. 1979, chap. 277, sec. 7 (2))—Crown Land	21,962,000		21,962,000	21,932,832	29,168
	Lottery Act (R.S.B.C. 1979, chap. 249, secs. 6 and 7))—Lottery Fund	170,500,000		170,500,000	120,111,811	50,388,189
		772,662,000	**15,000,000**	**787,662,000**	**717,429,781**	**70,232,219**
	Total General Fund Expenditure	**10,220,000,000**	**199,022,174**	**10,419,022,174**	**10,160,933,467**	**258,088,707**

Table 7.5

General Fund Expenditure by Objects of Expenditure Classification (Grouped) for the Fiscal Year Ended March 31, 1988 (Unaudited)

Ministry	Salaries and Benefits	Operating Costs	Asset Acquisitions	Grants and Contributions	Other Expenditures	Less: Recoveries	Total Expenditures
	$	$	$	$	$	$	$
Legislation	8.356.003	3.061.472	379.285	137.000	3.788.629		15.722.389
Auditor General	3.621.574	758.569	201.477	40.000		(131.089)	4.490.531
Ombudsman	1.683.508	706.010	69.695				2.459.213
Premier's Office	3.109.804	3.458.012	115.464	115.000			6.798.280
Advanced Education and Job Training	12.555.793	7.514.139	1.105.669	782.723.240	2.713.846	(642.968)	805.969.719
Agriculture and Fisheries	17.698.153	9.924.682	1.500.374	14.487.034	26.891.302	(5.031.489)	65.470.056
Attorney General	167.597.017	133.640.325	9.172.827	144.471.990	1.725.262	(21.131.895)	435.475.526
Economic Development	13.769.967	12.516.558	14.343.702	18.266.398	5.571.906	(3.292.932)	61.175.599
Education	12.897.026	39.207.677	1.866.101	1.817.866.263	810.491	(494.587.379)	1.378.060.179
Energy, Mines and Petroleum Resources	17.130.602	14.039.309	2.040.119	5.189.335	91.844	(846.056)	37.645.153
Environment and Parks	66.742.326	53.656.856	13.028.203	832.573		(1.317.453)	132.942.505
Finance and Corporate Relations	33.970.305	22.723.031	4.827.291	6.749.311	1.798.025	(4.753.397)	65.314.566
Forests and Lands	149.497.670	252.763.504	22.822.193	3.730.550		(19.931)	428.793.986
Health	224.198.850	108.468.477	9.308.968	2.910.371.714	41.371	(23.255.919)	3.229.133.461
Labour and Consumer Services	18.609.507	8.680.870	2.244.547	87.042	282.759	(4.867.168)	25.037.557
Municipal Affairs	17.312.397	6.472.025	845.803	390.973.442	73.729	(109.844)	415.567.552
Provincial Secretary and Government Services	91.248.350	13.553.986	6.188.412	275.014	1.485.781	(17.124.279)	95.627.264
Social Services and Housing	140.869.157	51.068.166	5.419.306	1.179.593.262	5.185.994	(3.148.551)	1.378.987.334
Tourism, Recreation and Culture	13.457.458	23.710.072	895.226	15.415.704		(16.838)	53.461.622
Transportation and Highways	224.266.715	241.557.554	257.042.271	82.768.375	355.493	(619.214)	805.371.194
Other Appropriations	33.959.897	5.727.661	300.588	102.715.142	823.187.041	(248.460.548)	717.429.781
General Fund Expenditure	1.272.552.079	1.013.208.955	353.717.521	7.476.808.389	874.003.473	(829.356.950)	10.160.933.467
Comparative—1987 Expenditure	1.175.284.453	1.008.459.990	478.851.125	7.291.701.246	640.698.742[1]	(884.793.054)	9.710.202.502

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[1] Includes a negative Crown corporation revaluation adjustment of $88.447.413

Table 7.6

General Fund Revenue by Source for the Fiscal Years Ended March 31, 1984, 1985, 1986, 1987 and 1988 (Unaudited)

	1984	1985	1986	1987	1988
	$	$	$	$	$
Taxation revenue					
Personal income	1,818,815,006	1,853,296,653	2,073,087,994	2,248,096,283	2,789,965,421
Corporation income	309,470,082	366,164,204	323,481,377	280,646,755	473,407,007
Social service	1,201,338,425	1,331,342,643	1,451,761,470	1,540,776,120	1,463,087,240
Gasoline	370,554,377	411,932,509	354,771,589	317,884,426	380,889,168
Motive fuel use	50,513,372	56,394,694	65,248,415	55,512,732	68,594,943
Tobacco	138,450,501	159,315,452	188,270,554	212,014,503	227,794,625
Property purchase				668,721	140,130,010
Corporation capital	85,782,350	86,998,874	94,340,292	87,205,128	56,761,544
Property (rural areas)	36,789,104	41,008,063	38,203,592	35,798,956	42,740,634
Insurance premiums	20,920,174	22,039,794	25,295,256	34,681,187	54,215,088
Hotel room	23,215,930	25,099,624	27,656,537	41,484,460	40,027,685
Horse racing	7,701,216	6,801,580	7,183,734	6,720,064	6,682,356
Succession and gift	(99,762)	159,231	100,004	15,760	9,501
Total Taxation Revenue	**4,063,450,775**	**4,360,553,321**	**4,649,400,814**	**4,861,505,095**	**5,744,305,222**
Natural resource revenue					
Minerals					
Petroleum and natural gas					
British Columbia Petroleum Corporation and natural gas royalties	166,230,913	140,013,142	53,663,385	57,215,426	53,664,809
Permits and fees	70,380,793	97,811,166	133,592,498	68,093,150	92,594,710
Petroleum royalties	96,652,028	100,061,797	86,540,200	44,957,545	51,850,844
Revenue from other minerals	31,616,719	54,223,756	57,190,443	55,585,175	53,587,062
	364,880,453	**392,109,861**	**330,986,526**	**225,851,296**	**251,697,425**
Forests					
Logging tax	956,421	4,313,466	5,146,017	8,841,478	31,530,577
Timber sales	103,833,898	97,411,290	93,441,902	103,380,044	350,505,834
Small business enterprise			20,449,791	28,971,611	47,227,650
Forest scaling fees	8,941,426	5,417,582	2,458,346	4,230,579	3,901,481
Lumber export tax					278,998,574
Other forest revenue	17,163,860	20,161,932	22,648,501	39,882,565	32,417,225
	130,895,605	**127,304,270**	**144,144,557**	**185,306,277**	**744,581,341**
Water resources	171,995,181	190,840,415	213,890,683	235,642,576	214,970,741
Wildlife Act — fees and licences	10,916,540	10,658,970	10,530,864	10,791,085	11,708,640
Total Natural Resource Revenue	**678,687,779**	**720,913,516**	**699,552,630**	**657,591,234**	**1,222,958,147**
Other revenue					
Sales and services					
Farm income assurance	31,843,481	26,272,675	24,889,460	15,972,254	12,075,856
Lottery	60,021,992	84,493,299	105,272,970	160,705,588	165,064,316
Land registry fees	31,035,564	27,318,053	33,666,671	37,102,055	17,660,526
Land leases, rentals and fees	12,448,413	13,686,163	25,096,583	25,202,232	28,676,290
Other	48,374,414	49,800,115	32,873,833	42,892,422	48,998,924
	183,723,864	**201,570,305**	**221,799,517**	**281,874,551**	**272,475,912**
Licences and permits					
Motor vehicle licences and permits	39,827,653	124,191,583	116,321,485	129,030,240	136,820,946
Other	43,673,900	46,469,541	49,558,137	54,376,324	62,651,162
	83,501,553	**170,661,124**	**165,879,622**	**183,406,564**	**199,472,108**
Fines and penalties	16,395,065	16,248,367	15,126,079	17,878,554	24,409,228
Income from investments	77,148,502	106,352,207	84,349,718	53,168,912	68,354,701
Sale of salt water ferry assets			60,611,966		
Municipal and other governments	3,876,161	3,325,934	2,804,908	2,504,610	4,595,149
Miscellaneous	113,264,142	59,046,477	56,255,077	50,693,228	61,080,882
Total Other Revenue	**477,909,287**	**557,204,414**	**606,826,887**	**589,526,419**	**630,387,980**

Table 7.6

General Fund Revenue by Source for the Fiscal Years Ended
March 31, 1984, 1985, 1986, 1987 and 1988 (Unaudited)—*Continued*

	1984	1985	1986	1987	1988
Contributions from government enterprises	$	$	$	$	$
Liquor Distribution Branch	351,525,246	355,898,655	398,375,011	424,786,708	425,039,923
British Columbia Buildings Corporation		4,404,000		2,645,000	22,965,000
British Columbia Ferry Corporation				9,865,728	
British Columbia Railway Company				10,307,540	20,615,080
British Columbia Systems Corporation	19,045				
Pacific Coach Lines					1,175,000
Total Contributions from Government Enterprises	**351,544,291**	**360,302,655**	**398,375,011**	**447,604,976**	**469,795,003**
Contributions from the Federal Government					
Established programs financing	928,536,000	1,059,490,000	1,091,252,000	1,205,263,000	1,215,270,017
Fiscal stabilization	139,000,000	35,000,000		360,000	
Canada Assistance Plan	543,710,297	572,860,899	595,744,375	611,266,561	630,957,596
Statutory and other subsidies	7,241,818	5,895,275	2,515,831	2,515,831	2,515,831
Other shared costs and grants in aid	137,877,548	98,403,659	114,342,154	152,754,112	147,096,736
Reciprocal Taxation Agreement	16,315,000	19,318,000	21,786,075	21,097,000	24,090,784
Total Contributions from the Federal Government	**1,772,680,663**	**1,790,967,833**	**1,825,640,435**	**1,993,256,504**	**2,019,930,964**
Total Revenue	**7,344,272,795**	**7,789,941,739**	**8,179,795,777**	**8,549,484,228**	**10,087,377,316**
Less: Transfer to Budget Stabilization Fund					717,377,316
Total General Fund Revenue	**7,344,272,795**	**7,789,941,739**	**8,179,795,777**	**8,549,484,228**	**9,370,000,000**

Table 7.7

General Fund Expenditure by Function for the Fiscal Years Ended
March 31, 1984, 1985, 1986, 1987 and 1988 (Unaudited)

	1984	1985	1986	1987	1988
Health and Social Services	$	$	$	$	$
Health					
Administration	22,774,229	29,453,535	28,754,299	30,735,809	32,580,724
Public health	142,264,684	156,249,954	164,980,270	175,445,795	163,894,724
Medical, dental and allied services	850,800,449	763,009,622	789,240,574	836,360,808	835,772,679
Hospital care					
Administration	7,521,149	11,310,172	9,906,298	7,513,228	7,752,320
Payments to local hospitals	1,326,039,155	1,374,143,276	1,432,800,270	1,669,238,687	1,855,399,314
Provincial mental hospitals	175,921,242	172,548,174	161,421,093	141,269,926	101,893,539
Social Services					
Administration	119,281,030	131,537,031	127,458,890	141,806,681	152,431,897
Aid to aged persons	34,036,131	32,699,283	28,437,247	25,513,493	31,703,588
Social assistance	1,112,692,519	1,176,985,039	1,221,562,834	1,196,612,636	1,245,270,381
Child welfare	139,602,469	132,483,059	138,479,152	137,656,858	166,014,761
Labour relations, industrial conciliation and arbitration	10,676,348	10,794,423	10,962,155	10,840,428	14,961,519
Total Health and Social Services	**3,941,609,405**	**3,991,213,568**	**4,114,003,082**	**4,372,994,349**	**4,607,675,446**
Education					
Administration	14,244,754	14,304,813	10,666,751	9,916,462	7,634,898
Schools operated by local authorities					
Operating grants	631,202,171	651,171,481	661,004,992	788,066,401	963,012,059
Home-owner grants (school-levy portion)	220,204,268	224,455,559	230,165,697	234,764,051	240,894,404
Aids and services	26,035,343	27,881,712	26,780,472	40,199,189	77,477,529
Universities, colleges, vocational and other schools	698,067,941	654,513,528	661,277,198	694,585,112	750,081,341
Independent schools	37,901,416	24,866,464	27,065,476	28,658,064	42,034,978
Education of the handicapped	7,998,267	8,127,611	13,450,994	9,300,502	7,243,636
Teachers' pension and unemployment insurance	104,792,441	105,614,187	104,810,831	108,425,188	115,291,576
Total Education	**1,740,446,601**	**1,710,935,355**	**1,735,222,411**	**1,913,914,969**	**2,203,670,421**
Transportation and Communications					
Highways, roads, bridges and airports	670,432,825	644,728,658	1,004,244,246	873,026,396	678,627,813
Waterways, ferries, docks and wharves	36,400,569	35,478,210	26,557,394	11,808,956	11,980,109
British Columbia Ferries	47,821,333	47,821,433	44,821,375	61,821,300	61,821,300
British Columbia Railway	77,000,000	37,809,461	5,425,000	13,611,073	15,650,000
British Columbia Steamship Co. (1975) Ltd.				15,150,000	
Total Transportation and Communications	**831,654,727**	**765,837,762**	**1,081,048,015**	**975,417,725**	**768,079,222**
Natural Resources, Trade and Industrial Development					
Fish and game	20,514,639	20,823,445	22,892,529	24,915,231	27,766,230
Forests (including fire suppression)	233,964,389	251,798,540	368,215,195	322,111,104	410,565,231
Land-settlement and agriculture	159,051,812	139,275,913	142,956,614	124,513,929	116,573,788
Minerals and mines	17,791,913	23,056,108	19,311,350	25,978,231	27,680,022
Water resources	50,382,283	41,203,848	39,995,294	43,920,413	64,516,425
Trade and industrial development	60,756,715	52,351,550	66,510,413	73,498,777	73,917,431
Total Natural Resources, Trade and Industrial Development	**542,461,751**	**528,509,404**	**659,881,395**	**614,937,685**	**721,019,127**

Table 7.7

General Fund Expenditure by Function for the Fiscal Years Ended March 31, 1984, 1985, 1986, 1987 and 1988 (Unaudited)—*Continued*

	1984	1985	1986	1987	1988
	$	$	$	$	$
Protection of Persons and Property					
Law enforcement	142,332,993	146,487,760	144,661,786	158,372,837	169,538,415
Corrections	110,644,158	107,003,400	115,404,274	118,885,197	125,693,223
Police protection	73,930,829	75,249,966	79,935,717	87,073,490	95,393,063
Registration, regulation, inspection, trusteeship	87,293,868	82,518,108	87,114,979	88,925,499	90,217,514
Total Protection of Persons and Property	**414,201,848**	**411,259,234**	**427,116,756**	**453,257,023**	**480,842,215**
Aid to Local Government					
Grants in aid of local government	215,796,116	209,537,981	212,778,382	221,346,921	231,698,681
Transit subsidy	84,188,223	68,365,757	75,660,369	160,757,156	159,601,526
Planning and development	5,169,428	4,850,063	5,302,879	5,134,977	6,586,017
University Endowment Lands	3,749,909	3,830,217	4,159,415	5,082,978	4,627,632
Total Aid to Local Government	**308,903,676**	**286,584,018**	**297,901,045**	**392,322,032**	**402,513,856**
Debt Servicing[1]	**112,594,092**	**274,580,712**	**341,893,816**	**393,580,609**	**525,277,283**
General Government					
Administrative	133,730,634	158,863,885	145,260,101	164,680,727	157,392,875
Legislative					
Elections	10,828,286	2,610,532	5,588,119	12,279,343	753,658
Legislative Assembly and Government House	9,553,189	8,242,061	10,455,929	18,603,382	19,348,845
Total General Government	**154,112,109**	**169,716,478**	**161,304,149**	**195,563,452**	**177,495,378**
Housing					
Home-owner grants (non school-levy portion)	42,842,938	43,636,096	44,746,196	45,718,686	42,510,000
Home-acquisition, renters' grants, other	54,262,026	29,287,308	43,140,931	56,183,032	21,851,807
Total Housing	**97,104,964**	**72,923,404**	**87,887,127**	**101,901,718**	**64,361,807**
Recreational and Cultural Services					
Archives, art galleries, museums and libraries	18,818,513	17,344,553	16,497,913	23,410,656	20,414,989
Parks, beaches and other recreational areas	36,555,733	34,703,639	44,922,755	37,665,200	42,804,270
Sports and physical fitness	3,825,833	2,970,474	2,941,602	2,764,086	4,908,371
Other	4,276,696	3,854,297	3,094,030	2,817,868	3,101,878
Total Recreational and Cultural Services	**63,476,775**	**58,872,963**	**67,456,300**	**66,657,810**	**71,229,508**
Other Expenditure					
Provincial emergencies	5,821,533	9,201,355	13,809,774	2,896,479	2,361,589
Special Employment Program	38,243,518	10,635,792	9,516,490	22,021,703	6,112,759
Interest on deposits and revenue refunds	898,997	1,311,097	2,459,889	5,968,197	2,226,198
Lottery Fund grants	56,761,841	49,175,942	79,530,884	286,735,044	92,403,423
Crown corporation grants and other payments	46,228,520	439,968,934	10,000,000		10,012,653
Transfer of property to British Columbia Buildings Corporation	392,104	2,961,009	2,109,735	481,120	
Valuation Adjustments			54,618,300	(88,447,413)	
Sundry	1,439,707	127,700	530,397		124,000
Total Other Expenditure	**149,786,220**	**513,381,829**	**172,575,469**	**229,655,130**	**113,240,622**
Total Expenditure	**8,356,352,168**	**8,783,814,727**	**9,146,289,565**	**9,710,202,502**	**10,135,404,885**
Add: Transfer of Lottery Fund Special Account Balance to Budget Stabilization Fund					25,528,582
Total General Fund Expenditure	**8,356,352,168**	**8,783,814,727**	**9,146,289,565**	**9,710,202,502**	**10,160,933,467**

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[1] Debt servicing does not include interest on borrowings to finance fiscal agency loans.

Table 7.8

Historical General Fund and Special Funds Revenue by Source for Fiscal Years Ending March 31

Year	Taxation	Natural Resource	Other Revenue	Contributions From Government Enterprises	Contributions From Federal Government	Total
			($ millions)			
1978	2,308.9	626.7	393.9	188.6	707.4	4,225.5
1979	2,531.8	806.5	329.5	218.4	818.1	4,704.3
1980	2,701.4	1,329.9	438.0	241.1	994.4	5,704.8
1981[1]	2,967.0	988.2	537.1	314.0	1,098.6	5,904.9
1981[1]	3,008.6	861.9	562.6	293.1	1,076.5	5,802.7
1982	4,216.7	597.6	680.3	326.5	1,082.3	6,903.4
1983	3,869.7	542.5	563.4	337.9	1,215.6	6,529.1
1984	4,063.5	678.7	477.9	351.5	1,772.7	7,344.3
1985	4,360.5	720.9	557.2	360.3	1,791.0	7,789.9
1986	4,649.4	699.6	606.8	398.4	1,825.6	8,179.8
1987	4,861.5	657.6	589.5	447.6	1,993.3	8,549.5
1988 (unaudited)[2]	5,744.3	1,223.0	630.4	469.8	2,019.9	10,087.4

[1] During 1980/81 the provincial government changed from a cash basis to an accrual basis of accounting; for comparative purposes both versions are shown for 1981.

[2] Includes $717.4 million in revenue transferred to the Budget Stabilization Fund.

Table 7.9

Historical General Fund and Special Funds Expenditure by Function for Fiscal Years Ending March 31

Year	Health and Social Services	Education	Transportation and Communications	Public Debt Interest	Other	Total
			($ millions)			
1978	1,535.1	949.7	473.5	22.5	1,040.7	4,021.5
1979	1,710.6	1,043.1	512.5	23.7	1,043.9	4,333.8
1980	2,015.9	1,189.7	534.2	21.7	1,401.5	5,163.0
1981[1]	2,501.1	1,322.2	558.9	45.4	1,849.1	6,276.7
1981[1]	2,547.8	1,320.3	660.9	19.3	1,511.2	6,059.5
1982	2,937.3	1,556.7	755.5	16.9	1,821.1	7,087.5
1983	3,465.3	1,668.1	623.6	28.3	1,728.0	7,513.3
1984	3,941.6	1,740.4	831.7	112.6	1,730.1	8,356.4
1985	3,991.2	1,710.9	765.8	274.6	2,041.3	8,783.8
1986	4,114.0	1,735.2	1,081.0	341.9	1,874.2	9,146.3
1987[2]	4,373.0	1,913.9	975.4	393.6	2,054.3	9,710.2
1988 (unaudited)[3]	4,607.7	2,203.7	768.1	525.3	2,030.6	10,135.4

[1] During 1980/81 the provincial government changed from a cash basis to an accrual basis of accounting; for comparative purposes both versions are shown for 1981.

[2] Includes a negative Crown corporation revaluation adjustment of $88.4 million.

[3] Excludes the Lottery Fund Special Account balance of $25.5 million which was transferred to the Budget Stabilization Fund.

Table 7.10

Historical Summary of Financial Transactions for Fiscal Years Ending March 31 (General Fund and Special Funds)

($ millions)

Year	Revenue	Expenditure	Surplus (Deficit)	Financing Working Capital Transactions	Total Financial (Requirements) Sources	Net Borrowing (Repayment) for Government Purposes	Change in Cash and Temporary Investments Increase (Decrease)[2]
1967	731.6	660.5	71.1	(10.8)	60.3	—	60.3
1968	814.4	758.6	55.8	5.3	61.1	—	61.1
1969	968.4	910.8	57.6	11.8	69.4	—	69.4
1970	1,180.4	1,176.8	3.6	(9.3)	(5.7)	—	(5.7)
1971	1,299.7	1,200.5	99.2	(20.1)	79.1	—	79.1
1972	1,480.2	1,396.7	83.5	(22.8)	60.7	—	60.7
1973	1,691.5	1,594.7	96.8	(13.0)	83.8	—	83.8
1974	2,132.6	1,986.7	145.9	22.9	168.8	—	168.8
1975	2,680.2	2,690.0	(9.8)	(98.6)	(108.4)	—	(108.4)
1976	3,031.1	3,441.4	(410.3)	96.6	(313.7)	—	(313.7)
1977	3,651.9	3,557.6	94.3	(150.1)	(55.8)	261.4	205.6
1978	4,225.5	4,021.5	204.0	54.2	258.2	—	258.2
1979	4,704.3	4,333.8	370.5	(126.3)	244.2	—	244.2
1980	5,704.8	5,163.0	541.8	(85.0)	456.8	(26.1)	430.7
1981[1]	5,904.9	6,276.7	(371.8)	88.5	(283.3)	(26.1)	(309.4)
1981[1]	5,802.7	6,059.5	(256.8)	(30.1)	(286.9)	(26.1)	(313.0)
1982	6,903.4	7,087.5	(184.1)	159.3	(24.8)	(26.1)	(50.9)
1983	6,529.1	7,513.3	(984.2)	(265.3)	(1,249.5)	700.0	(549.5)
1984	7,344.3	8,356.4	(1,012.1)	223.5	(788.6)	713.0	(75.6)
1985	7,789.9	8,783.8	(993.9)	111.3	(882.6)	879.8	(2.8)
1986	8,179.8	9,146.3	(966.5)	105.7	(860.8)	721.2	(139.6)
1987	8,549.5	9,710.2[3]	(1,160.7)	(561.6)	(1,722.3)	1,604.7	(117.6)
1988 (unaudited)	10,087.4	10,135.4	(48.0)	(160.3)	(208.3)	214.8	6.5

[1] During 1980 81 the provincial government changed from a cash basis to an accrual basis of accounting. for comparative purposes both versions are shown for 1981.

[2] The definition of items classified as cash and temporary investments has changed over time. The table reports the change in cash and temporary investments based on the accounting classifications used during the year reported.

[3] Includes a negative Crown corporation revaluation adjustment of $88.4 million.

Table 7.11

Government and Crown Corporation Net Debt Summary for Years Ending March 31.[1]

	1984	1985	1986	1987	1988
			($ millions)		
Government Purpose	1,596.1	2,475.9	3,197.1	4,801.9	5,016.7
Crown Corporation Net Debt					
Commercial:					
British Columbia Enterprise Corporation	—	—	—	44.8	169.1
British Columbia Hydro and Power Authority	8,335.8	8,918.2	8,826.4	8,375.5	8,100.9
British Columbia Petroleum Corporation	30.0	30.0	30.0	30.0	—
British Columbia Place	65.3	107.9	141.0	—	—
British Columbia Railway Company[2]	—	367.0	319.2	304.2	298.8
	8,431.1	9,423.1	9,316.6	8,754.5	8,568.8
Economic Development:					
British Columbia Development Corporation	143.7	169.1	191.0	64.7	—
British Columbia Ferry Corporation	43.6	43.2	86.8	85.9	78.9
British Columbia Housing and Employment Development Financing Authority	189.3	179.7	149.4	26.6	1.6
British Columbia Railway Company[2]	1,016.4	—	—	—	—
British Columbia Steamship Company (1975) Ltd.	4.8	4.9	5.7	3.1	8.6
British Columbia Transit	326.7	648.0	950.7	1,016.3	1,112.2
Expo 86 Corporation	43.9	206.4	286.8	98.6	—
W.L.C. Developments Ltd.	9.2	15.7	23.8	4.1	—
Other[3]	23.0	16.9	42.6	32.6	40.0
	1,800.6	1,283.9	1,736.8	1,331.9	1,241.3
Social and Government Services:					
British Columbia Assessment Authority	3.6	3.3	3.6	4.5	4.3
British Columbia Buildings Corporation	631.7	616.9	607.0	388.9	398.9
British Columbia Educational Institutions Capital Financing Authority	385.3	395.3	393.7	390.1	379.0
British Columbia Regional Hospital Districts Financing Authority	741.8	748.5	712.3	714.7	748.7
British Columbia School Districts Capital Financing Authority	996.6	976.8	912.5	878.3	869.7
British Columbia Systems Corporation	51.6	52.0	53.5	43.9	47.3
School Districts, Colleges and Universities[4]	—	23.1	63.9	103.6	134.3
	2,810.6	2,815.9	2,746.5	2,524.0	2,582.2
Other:					
Greater Vancouver Sewerage and Drainage District	—	—	—	29.7	29.1
Greater Vancouver Water District	—	—	—	19.8	19.7
Other[5]	25.0	28.9	38.0	45.9	59.6
	25.0	28.9	38.0	95.4	108.4
Less Amounts Held as Investments by General and Special Funds	74.4	34.8	38.9	17.0	9.2
Total Guaranteed and Direct Debt	**14,589.0**	**15,992.9**	**16,996.1**	**17,490.7**	**17,508.2**

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[1] Net debt is after deduction of sinking funds. Government purpose and fiscal agency debt excludes accrued interest, which is reported in the government's accounts as an account payable, while guaranteed debt includes accrued interest. At March 31, 1988, accrued interest on government purpose debt was $161.9 million and accrued interest on fiscal agency debt was $51.0 million.

[2] Prior to 1984/85 debt outstanding for British Columbia Railway Company was considered to be economic development debt; during 1984/85, the company was reorganized and its debt is now considered to be commercial debt.

[3] Includes *Agricultural Credit Act*, *Farm Product Industry Act*, Terry Fox Medical Research Foundation, Moli Energy Ltd., National Homes Ltd., and Vancouver Symphony Orchestra.

[4] Includes University of British Columbia, Simon Fraser University and short-term interim capital construction financing obtained under the Certificate of Approval Program.

[5] Includes *Municipalities Assistance Act*, *Municipal Act* and Student Aid Loans.

Table 7.12

Historical Government and Crown Corporation Net Debt Summary for Years Ending March 31[1]

Year	Commercial[2]	Economic[2] Development	Social, Government Services and Other	Government Purpose	Less: Amounts Held as Investments By General and Special Funds	Total Net Debt	Net Debt as a Per Cent of GDP
				($ millions)			
1968	1,437.3	166.7	382.5	—	—	1,986.5	28.3
1969	1,522.4	166.8	417.8	—	—	2,107.0	27.4
1970	1,661.3	156.2	465.7	—	—	2,283.2	26.0
1971	1,807.5	185.9	511.6	—	—	2,505.0	27.5
1972	1,948.1	245.3	547.1	—	—	2,740.5	26.5
1973	2,061.8	298.4	590.0	—	—	2,950.2	24.8
1974	2,227.7	411.4	616.1	—	—	3,255.2	22.1
1975	2,649.9	462.2	690.4	—	—	3,802.5	21.8
1976	3,144.3	619.6	804.5	—	—	4,568.4	23.4
1977	3,787.4	725.6	971.3	261.4	—	5,745.7	25.0
1978	4,464.0	736.8	1,091.7	261.4	—	6,553.9	25.6
1979	4,437.6	723.7	1,249.9	261.4	165.5	6,907.1	24.0
1980	5,704.3	838.1	1,480.2	235.3	205.2	8,052.7	24.1
1981	5,911.2	883.1	1,654.0	209.2	161.0	8,496.5	22.2
1982	7,227.5	983.3	2,047.5	183.1	314.9	10,126.5	22.7
1983	7,691.4	1,202.5	2,669.4	883.1	136.4	12,310.0	26.7
1984	8,431.1	1,800.6	2,835.6	1,596.1	74.4	14,589.0	30.3
1985	9,423.1	1,283.9	2,844.8	2,475.9	34.8	15,992.9	31.4
1986	9,316.6	1,736.8	2,784.5	3,197.1	38.9	16,996.1	31.3
1987	8,754.5	1,331.9	2,619.4	4,801.9	17.0	17,490.7	31.0
1988	8,568.8	1,241.3	2,690.6	5,016.7	9.2	17,508.2	28.4

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[1] Net debt is after deduction of sinking funds. Government purpose and fiscal agency debt excludes accrued interest which is reported in the government's accounts as an account payable, while guaranteed debt includes accrued interest.

[2] Prior to 1984 85 debt outstanding for British Columbia Railway Company was considered to be economic development debt; for 1984 85 and later, this debt is considered to be commercial debt.

APPENDIX 8

LIEUTENANT GOVERNOR, EXECUTIVE COUNCIL AND MEMBERS OF THE THIRTY-FOURTH LEGISLATIVE ASSEMBLY

LIEUTENANT GOVERNOR

The Honourable David C. Lam, C.M., B.A., M.B.A., LL.D.

EXECUTIVE COUNCIL

Premier and President of the Executive Council	Honourable William N. Vander Zalm
Attorney General	Honourable Stuart D. Smith
Minister of Finance and Corporate Relations	Honourable Melville B. Couvelier
Minister of Advanced Education and Job Training and Minister Responsible for Science and Technology	Honourable Stanley B. Hagen
Minister of Agriculture and Fisheries	Honourable John Savage
Minister of Education	Honourable Anthony J. Brummet
Minister of Energy, Mines and Petroleum Resources	Honourable John Davis, P.C.
Minister of Forests	Honourable Dave Parker
Minister of Government Management Services	Honourable Clifford C. Michael
Minister of Health and Minister Responsible for Seniors	Honourable Peter A. Dueck
Minister of International Business and Immigration	Honourable John Jansen
Minister of Labour and Consumer Services	Honourable Lyall Hanson
Minister of Municipal Affairs, Recreation and Culture	Honourable Rita M. Johnston
Minister of Regional Development and Minister of State for Mainland Southwest	Honourable Elwood N. Veitch
Minister of Social Services and Housing	Honourable Claude H. Richmond
Solicitor General	Honourable Angus Ree
Minister of State for Cariboo, Responsible for Environment	Honourable W. Bruce Strachan
Minister of State for Nechako and Northeast, Responsible for Native Affairs	Honourable Jack Weisgerber
Minister of State for Thompson-Okanagan and Kootenay, Responsible for Crown Lands	Honourable Howard Dirks
Minister of State for Vancouver Island Coast and North Coast, Responsible for Parks	Honourable Dr. Terry Huberts
Minister of Tourism and Provincial Secretary	Honourable William E. Reid
Minister of Transportation and Highways	Honourable Neil Vant

PARLIAMENTARY SECRETARIES

Minister of Agriculture and Fisheries	Carol Gran
Minister of International Business and Immigration	Larry Chalmers
Minister of Regional Development and Minister of State for Mainland Southwest	Harry DeJong
Minister of Regional Development and Minister of State for Mainland Southwest	Norman Jacobsen
Minister Responsible for the Premier's Advisory Council for Persons with Disabilities	Douglas L. Mowat
Minister Responsible for Seniors	Nick Loenen
Minister of State for Cariboo, Responsible for Environment	James Rabbitt
Minister of State for Nechako and Northeast, Responsible for Native Affairs	Clifford Serwa
Minister of State for Thompson-Okanagan and Kootenay, Responsible for Crown Lands	Duane Crandall
Minister of State for Thompson-Okanagan and Kootenay, Responsible for Crown Lands	Ivan Messmer
Minister of State for Vancouver Island Coast and North Coast, Responsible for Parks	Harold Long

THIRTY-FOURTH LEGISLATIVE ASSEMBLY
(At September 1988)

Premier: Honourable William N. Vander Zalm

Speaker: Honourable John D. Reynolds

Leader of the Opposition: Michael Harcourt

Deputy Speaker: F. C. Austin Pelton

Clerk of the Legislative Assembly: Ian M. Horne, Q.C.

Sergeant-at-Arms: R. A. Nicol

Barlee, Bill N. L.	New Democrat	Boundary-Similkameen
Barnes, Emery O.	New Democrat	Vancouver Centre
Blencoe, Robin	New Democrat	Victoria
Boone, Lois	New Democrat	Prince George North
Bruce, Graham	Social Credit	Cowichan-Malahat

Brummet, Hon. Anthony J.	Social Credit	North Peace River
Campbell, Kim	Social Credit	Vancouver-Point Grey
Cashore, John	New Democrat	Maillardville-Coquitlam
Chalmers, Larry	Social Credit	Okanagan South
Clark, Glen	New Democrat	Vancouver East
Couvelier, Hon. Melville B.	Social Credit	Saanich and the Islands
Crandall, Duane	Social Credit	Columbia River
D'Arcy, Christopher	New Democrat	Rossland-Trail
Davidson, K. Walter	Social Credit	Delta
Davis, Hon. John, P.C.	Social Credit	North Vancouver-Seymour
De Jong, Harry	Social Credit	Central Fraser Valley
Dirks, Hon. Howard	Social Credit	Nelson-Creston
Dueck, Hon. Peter A.	Social Credit	Central Fraser Valley
Edwards, Anne	New Democrat	Kootenay
Fraser, Alexander V.	Social Credit	Cariboo
Fraser, Russell G.	Social Credit	Vancouver South
Gabelmann, Colin S.	New Democrat	North Island
Gran, Carol	Social Credit	Langley
Guno, Larry	New Democrat	Atlin
Hagen, Anita	New Democrat	New Westminster
Hagen, Hon. Stanley B.	Social Credit	Comox
Hanson, Gordon	New Democrat	Victoria
Hanson, Hon. Lyall	Social Credit	Okanagan North
Harcourt, Michael	New Democrat	Vancouver Centre
Huberts, Hon. Dr. Terry	Social Credit	Saanich and the Islands
Jacobsen, Norman	Social Credit	Dewdney
Jansen, Hon. John	Social Credit	Chilliwack
Johnston, Hon. Rita M.	Social Credit	Surrey-Newton
Jones, Barry	New Democrat	Burnaby North
Kempf, Jack J.	Independent	Omineca
Loenen, Nick	Social Credit	Richmond
Long, Harold	Social Credit	Mackenzie
Lovick, Dale	New Democrat	Nanaimo
McCarthy, Grace M.	Social Credit	Vancouver-Little Mountain
Marzari, Darlene	New Democrat	Vancouver-Point Grey
Mercier, David	Social Credit	Burnaby-Edmonds
Messmer, Ivan	Social Credit	Boundary-Similkameen
Michael, Hon. Clifford C.	Social Credit	Shuswap-Revelstoke
Miller, Dan	New Democrat	Prince Rupert
Mowat, Douglas L., C.M.	Social Credit	Vancouver-Little Mountain
Parker, Hon. Dave	Social Credit	Skeena
Pelton, F. C. Austin	Social Credit	Dewdney
Peterson, Dan	Social Credit	Langley
Rabbitt, James	Social Credit	Yale-Lillooet
Ree, Hon. Angus	Social Credit	North Vancouver-Capilano
Reid, Hon. William E.	Social Credit	Surrey-White Rock-Cloverdale
Reynolds, Hon. John D.	Social Credit	West Vancouver-Howe Sound
Richmond, Hon. Claude H.	Social Credit	Kamloops
Rogers, C. Stephen	Social Credit	Vancouver South
Rose, Mark W.	New Democrat	Coquitlam-Moody
Savage, Hon. John	Social Credit	Delta
Serwa, Clifford	Social Credit	Okanagan South
Sihota, Moe	New Democrat	Esquimalt-Port Renfrew
Smallwood, Joan	New Democrat	Surrey-Guildford-Whalley
Smith, Brian R. D., Q.C.	Social Credit	Oak Bay-Gordon Head
Smith, Hon. Stuart D.	Social Credit	Kamloops
Strachan, Hon. W. Bruce	Social Credit	Prince George South
Stupich, David D.	New Democrat	Nanaimo
Vander Zalm, Hon. William N.	Social Credit	Richmond
Vant, Hon. Neil	Social Credit	Cariboo
Veitch, Hon. Elwood N.	Social Credit	Burnaby-Willingdon
Weisgerber, Hon. Jack	Social Credit	South Peace River
Williams, Robert A.	New Democrat	Vancouver East
Vacant		Alberni

CABINET COMMITTEE MEMBERSHIP

Planning and Priorities
Hon. William N. Vander Zalm (Chairman)
Hon. Melville B. Couvelier (Vice Chairman)
Hon. Stuart D. Smith
Hon. Stanley B. Hagen
Hon. John Davis, P.C.
Hon. Lyall Hanson
Hon. Rita M. Johnston
Hon. Elwood N. Veitch
Hon. Claude H. Richmond

Treasury Board
Hon. Melville B. Couvelier (Chairman)
Hon. Peter A. Dueck (Vice Chairman)
Hon. Stuart D. Smith
Hon. Stanley B. Hagen
Hon. John Davis, P.C.
Hon. Clifford C. Michael
Hon. John Jansen
Hon. Lyall Hanson
Hon. Elwood N. Veitch

Other Cabinet Committees

Members	Legislation and Regulations	Regional Development	Environment and Land Use	Social Policy	Native Affairs	Cultural Heritage	British Columbia Transit
Hon. Stuart D. Smith	**X**[1]			X	X	X	
Hon. Melville B. Couvelier							X
Hon. Stanley B. Hagen		X		X	X		
Hon. John Savage		X	**X**[2]		X		
Hon. Anthony J. Brummet				X		X	
Hon. John Davis, P.C.		X	X				X
Hon. Dave Parker		X	X		**X**[2]		
Hon. Clifford C. Michael				X			
Hon. Peter A. Dueck				**X**[2]		X	
Hon. John Jansen	X	X					
Hon. Lyall Hanson	X			X			
Hon. Rita M. Johnston		X	X		X	X	**X**[1]
Hon. Elwood N. Veitch		**X**[1]					
Hon. Claude H. Richmond	**X**[2]			**X**[1]	X		
Hon. Angus Ree				X	X		
Hon. W. Bruce Strachan	X	X	**X**[1]		X		
Hon. Jack Weisgerber		X			**X**[1]		
Hon. Howard Dirks		X	X			X	
Hon. Dr. Terry Huberts		**X**[2]	X				
Hon. William E. Reid		X	X			**X**[1]	
Hon. Neil Vant		X					X

[1] Chairman
[2] Vice Chairman

APPENDIX 9

THE MINISTRY OF FINANCE AND CORPORATE RELATIONS
(At September 1988)

Minister of Finance and Corporate Relations
The Honourable Mel Couvelier

Acting Deputy Minister: Philip G. Halkett

Administrative Coordinator: E. Taylor
Director of Communications: Vacant

Administration and Support Services Division
Executive Director: W. H. Bell

Directors:
- A. C. Carr (General Manager, Information Systems)
- G. D. Price (Personnel)
- A. R. van Iersel (Financial Services and Administration)

The Administration and Support Services Division provides financial, administrative, personnel and computer services to the Ministry of Finance and Corporate Relations.

Provincial Treasury
Assistant Deputy Minister: M. Costello

Directors:
- B. J. Eaton (Central Borrowing and Planning)
- D. G. Pearce (Investments and Administration)
- Vacant (Cash Management)

The Provincial Treasury is responsible for managing the financial assets and liabilities of the government. The Treasury assists the Minister of Finance and Corporate Relations by negotiating transactions to meet the funding requirements of the government and its corporations estimated at $1.6 billion in 1988/89. The Treasury manages assets valued at $14 billion; forecasts, monitors and controls the annual cash flow of the General and Special Funds and trusteed funds; and manages 2,200 government bank accounts.

Revenue Division
Assistant Deputy Minister: E. L. Munro

Directors:
- A. B. Carver (Income Taxation)
- W. W. Moncur (Revenue Administration)
- D. J. Sandell (Surveyor of Taxes, Real Property Taxation)
- E. J. Turner (Executive Director, Consumer Taxation)

The Revenue Division is responsible for the legislative interpretation and administration of 14 taxation statutes which are the responsibility of the Minister of Finance and Corporate Relations, and for the collection of annual tax revenues of over $3 billion. Included are statutes covering the taxation of goods sold to consumers, property taxation in rural areas of the province, provincial income and capital based taxes, and a property purchase tax. The division also has the responsibility of ensuring compliance under the *Income Tax Act* which is administered by Revenue Canada. Through vendor education, taxpayer audit and assessment, accounts receivable control and appropriate collections activities, revenue is maximized and taxpayer compliance is ensured.

Appendix 9: The Ministry of Finance and Corporate Relations

Treasury Board Staff
Deputy Secretary to Treasury Board: D. M. Anholt

Directors:

- J. A. Crone (Government Estimates and Administrative Policy)
- A. Eastwood (Taxation and Intergovernmental Relations)
- P. Grewar (Risk Management)
- R. J. Hobart (Financial and Economic Analysis)
- A. P. Stark (Economic Development Policy) (Acting)
- T. Vakil (Social Policy)

Treasury Board Staff is responsible for planning, analysis and policy development with respect to economic, financial and management matters affecting the government and the province. Advice and support is provided to the government in forecasting and strategic planning, and in acquisition, allocation and management of resources for the purpose of meeting government priorities.

Office of the Comptroller General
Comptroller General: D. B. Marson
Deputy Comptroller General: A. J. Barnard

Directors:

- F. G. Hepburn (Executive Director, Internal Audit)
- F. G. Hepburn (Financial Management) (Acting)
- A. R. Horner (Systems Support)
- M. A. Petrie (Financial Disbursement Operations)
- A. C. Pickering (Government Payroll Office)
- V. Skaarup (Accounting and Reporting)

The Office of the Comptroller General establishes the accounting principles, policies and practices governing the accounts of the province, establishes the financial management control and reporting systems in use throughout government, and advises the Treasury Board on all matters pertaining to government financial management policies and practices. The office maintains the central accounting, reporting and payment systems for the government and prepares the annual Public Accounts and related reports. In addition, the office advises and assists ministries in establishing and improving their accounting and control systems, provides an internal audit function for the independent review of the effectiveness and efficiency of financial control systems, and develops and administers training programs in government financial management administration.

Corporate Relations
Assistant Deputy Minister: G. Armstrong

- D. W. Boyd (Registrar of Companies)
- A. E. Mulholland (Superintendent of Financial Institutions)
- D. J. Perrin (Director, Policy and Legislation)

The Corporate Relations Division is responsible for legislation governing financial and commercial activities in the province. The Division regulates these activities with the aim of facilitating stable and orderly markets which encourage growth in the province's commercial and financial sectors, while protecting the interests of the public.

APPENDIX 10

GOVERNMENT AGENTS (At August 1988)

The Government Agents Branch maintains offices in 60 communities to provide the public with a wide range of government services, including disbursement of government funds and dissemination of information about government programs. Government Agents also deliver numerous programs and services on behalf of ministries and agencies. In many places they also fulfill certain statutory roles, including registrar of voters, provincial collector of taxes, gold commissioner, district registrar of births, deaths and marriages, and commissioner for taking affidavits. They are senior representatives of the provincial government in their communities. Responsibility for the Government Agents Branch was transferred to the Ministry of Regional Development in July 1988.

Location	Telephone	Government Agent	Location	Telephone	Government Agent
Ashcroft	453-2412	E. J. Johnstone	Merritt	378-9343	G. Swan
Atlin	651-7595	F. Jenkins	Nakusp	265-3646	J. D. Young
Bella Coola	799-5361	J. K. Foster	Nanaimo	755-2200	V. J. Blue
Burns Lake	692-7117	E. Fukushima	Nelson	354-6104	P. W. J. Lee
Campbell River	286-7555	J. D. Mackenzie	New Westminster	660-8666	G. S. Townsend
Cassiar	778-7507	M. Riseborough	Oliver	498-3818	D. R. Blatchford
Chetwynd	788-2239	Vacant	100 Mile House	395-5500	J. E. Dunsmuir
Chilliwack	795-8415	J. D. Hay	Penticton	492-1211	B. Hibbins
Clinton	459-2268	Vacant	Port Alberni	724-9200	J. Stanhope
Courtenay	334-1100	D. Egeland	Port Hardy	949-6323	W. H. Newman
Cranbrook	426-1211	W. R. Anderson	Powell River	485-2815	B. Johnston
Creston	428-3211	E. Breitkreuz	Prince George	565-6060	W. Christie
Dawson Creek	784-2224	S. W. Minifie	Prince Rupert	627-0415	J. W. Torrance
Duncan	746-1226	J. Bodard	Princeton	295-6957	C. A. Heroux
Fernie	423-6845	C. Holmes	Queen Charlotte City	559-4452	F. Marolla
Fort Nelson	774-6945	J. Hall	Quesnel	992-4301	R. A. Campbell
Fort St. James	996-7585	B. L. Thomson	Revelstoke	837-7636	P. Welock
Fort St. John	787-3350	J. R. Frey	Rossland	362-7324	A. D. Sherwood
Ganges	537-5414	W. L. Campbell	Salmon Arm	832-1611	D. J. Koskimaki
Golden	344-7550	J. W. Olson	Sechelt	885-5187	G. Swift
Grand Forks	442-5444	S. Matsuo	Smithers	847-7207	D. G. McMillan
Houston	845-2990	Vacant	Sparwood	425-6363	S. F. Arola
Invermere	342-4260	B. G. Mackenzie	Squamish	892-2400	D. L. Martin
Kamloops	828-4540	W. Poohachoff	Stewart	636-2294	D. Cadieux
Kaslo	353-2219	J. James	Terrace	638-3200	R. A. Trombley
Kelowna	861-7440	W. A. R. Tozer	Ucluelet	726-7025	J. Spalding
Kitimat	632-6188	Vacant	Valemount	566-4448	R. Meyer
Lillooet	256-7548	R. E. Hall	Vanderhoof	567-6301	W. J. Woolsey
Mackenzie	997-4270	L. Ehrman	Vernon	549-5511	N. G. Schulz
Maple Ridge	467-6901	J. A. Lane	Williams Lake	398-4211	J. H. Hoem

APPENDIX 11

MUNICIPAL POPULATION, BASED ON 1986 CENSUS

Cities

Armstrong	2,747
Castlegar	6,293
Colwood	11,776
Courtenay	9,659
Cranbrook	15,423
Dawson Creek	10,599
Duncan	3,911
Enderby	1,853
Fernie	4,900
Fort St. John	13,072
Grand Forks	3,173
Greenwood	735
Kamloops	61,877
Kelowna	62,980
Kimberley	6,303
Langley	16,931
Merritt	6,161
Nanaimo	49,424
Nelson	8,072
New Westminster	39,966
North Vancouver	36,063
Penticton	24,342
Port Alberni	18,150
Port Coquitlam	29,995
Port Moody	15,895
Prince George	66,612
Prince Rupert	15,812
Quesnel	8,222
Revelstoke	8,100
Rossland	3,345
Terrace	10,651
Trail	7,730
Vancouver	435,815
Vernon	20,401
Victoria	66,973
White Rock	14,387
Williams Lake	10,327
	1,128,675

Districts

Abbotsford	15,062
Burnaby	146,217
Campbell River	17,359
Central Saanich	11,790
Chilliwack	42,347
Coldstream	6,968
Coquitlam	71,552
Delta	80,268
Elkford	3,055
Esquimalt	16,273
Houston	3,817
Hudson's Hope	1,159
Invermere	1,982
Kent	3,783
Kitimat	11,037
Langley	55,694
Logan Lake	1,886
Mackenzie	5,365
Maple Ridge	38,665
Matsqui	53,541
Metchosin	3,779
Mission	22,591
New Hazelton	837
North Cowichan	18,902
North Saanich	7,479
North Vancouver	69,698
Oak Bay	17,220
Peachland	3,053
Pitt Meadows	8,400
Port Hardy	5,166
Powell River	12,087
Richmond	111,597
Saanich	85,940
Salmon Arm	10,976
[illegible]helt	4,890
Spallumcheen	4,371
Sparwood	4,171
Squamish	10,322
Stewart	1,008
Summerland	8,020
Surrey	191,134
Tumbler Ridge	4,108
West Vancouver	36,592
Whistler	2,193
	1,232,354

Towns

Comox	7,012
Chetwynd	2,710
Creston	3,934
Gibsons	2,680
Golden	3,598
Hope	3,034
Ladysmith	4,430
Osoyoos	2,892
Parksville	5,927
Port McNeill	2,462
Princeton	2,661
Qualicum Beach	3,464
Sidney	9,046
Smithers	4,624
	58,474

Villages

Alert Bay	667
Ashcroft	1,807
Belcarra	576
Burns Lake	1,701
Cache Creek	1,059
Chase	1,889
Clinton	732
Cumberland	1,916
Fort Nelson	3,651
Fort St. James	1,976
Fraser Lake	1,196
Fruitvale	1,865
Gold River	1,847
Granisle	597
Harrison Hot Springs	651
Hazelton	466
Kaslo	836
Keremeos	832
Lake Cowichan	2,165
Lillooet	1,748
Lions Bay	1,150
Lumby	1,171
Lytton	360
McBride	581
Masset	1,526
Midway	642
Montrose	1,162
Nakusp	1,332
New Denver	591
Oliver	1,971
100 Mile House	1,686
Pemberton	362
Port Alice	1,387
Port Clements	555
Port Edward	626
Pouce Coupe	800
Salmo	947
Sayward	409
Silverton	239
Slocan	282
Tahsis	1,260
Taylor	651
Telkwa	837
Tofino	959
Ucluelet	1,472
Valemount	1,141
Vanderhoof	3,329
Warfield	1,813
Zeballos	138
	57,556

Summary

Cities	1,128,675
Districts	1,232,354
Towns	58,474
Villages	57,556
Indian Villages and Unincorporated Areas	448,641
	2,925,700

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